

president; A. G. Scott, vice president; C. B. Carter, secretary-treasurer; A. H. Potter, D. M. Reagan, and J. J. Marshall, directors, urging that the Farm Credit Administration be restored to the status of an independent bureau like the Federal Reserve System, responsible to the two legislative bodies, the Senate and House, and that the President of the United States, with the advice and approval of the Senate, appoint the Government board of five members; to the Committee on Agriculture.

6330. Also, petition of Dr. I. R. McCollough, of Hillsboro, Tex., favoring Senate bill 134, concerning retirement pay of World War officers; to the Committee on Military Affairs.

6331. Also, petition of E. M. Dawson, G. L. Haley, J. B. Jones, Mrs. S. F. Jones, T. S. Hooser, S. S. Hooser, R. F. Henderson, L. A. Morgan, D. A. Ponder, Clyde Tullos, and 18 other citizens of Frost, Tex., favoring extension of law fixing 3½-percent interest rate on Federal farm-commissioner loans; to the Committee on Agriculture.

6332. By Mr. HULL: Petition of E. V. F. Loether and H. L. Schwahn, of Eau Claire, Wis., and others; to the Committee on Ways and Means.

6333. By Mr. KEOGH: Petition of the National Retail Dry Goods Association, New York City, concerning national economic, social, and legislative problems which may be the subject of consideration during the current session; to the Committee on Ways and Means.

6334. Also, petition of the Illinois Manufacturers' Association, Chicago, Ill., concerning changes in the National Labor Relations Act; to the Committee on Labor.

6335. By Mr. SMITH of Virginia: Petition of Ruby K. Ellington and the W. J. Keller Co., of Charlottesville, Va., and others; to the Committee on Ways and Means.

## SENATE

THURSDAY, FEBRUARY 1, 1940

The Chaplain, Rev. Zeb Barney T. Phillips, D. D., offered the following prayer:

Almighty and compassionate Father, whose unsleeping care is over all Thy works, whose love passeth knowledge, whose mercy drives away despair: We turn to Thee at this morning hour, before we undertake the duties of another day, because apart from Thee we find neither light, nor rest, nor strength. We come in our weakness, but Thou knowest our frame and pitiest our frailties, for Thou hast made us. We are ashamed for our failures; we chafe at our limitations; we fret within the chains of sin, and long to be free. So, like dwellers on the heated plains who lift their eyes to distant hills, we lift our hearts to Thee, the Pure and Holy. Receive us and forgive, shelter us under Thy wings, and hide us in Thy heart of love that shall one day gather every wanderer home. We ask it in the name and for the sake of Jesus Christ Thy Son, our Lord. Amen.

### ATTENDANCE OF SENATORS

Mrs. HATTIE W. CARAWAY, a Senator from the State of Arkansas, and ROBERT M. LA FOLLETTE, Jr., a Senator from the State of Wisconsin, appeared in their seats today.

### THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of Monday, January 29, 1940, was dispensed with, and the Journal was approved.

### MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that the President had approved and signed the following acts:

On January 20, 1940:

S. 1554. An act to provide that the district judge for the western district of Washington, authorized to be appointed under the act of May 31, 1939, shall be a district judge for the eastern and western districts of Washington.

On January 25, 1940:

S. 1335. An act relating to the filing of affidavits of prejudice in the District Court for the District of Alaska.

On January 29, 1940:

S. 1919. An act to provide for the acquisition by the United States of the estate of Patrick Henry in Charlotte County, Va., known as Red Hill.

### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Calloway, one of its reading clerks, announced that the House had passed the following bills of the Senate, severally with amendments, in which it requested the concurrence of the Senate:

S. 323. An act for the relief of E. C. Beaver, who suffered loss on account of the Lawton, Okla., fire, 1917;

S. 766. An act for the relief of the Missoula Brewing Co.; and

S. 1157. An act for the relief of the legal guardian of Roy D. Cook, a minor.

The message also announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 329. An act for the relief of R. L. Scott;

H. R. 838. An act for the relief of Ray E. Nies;

H. R. 1183. An act for the relief of Ben L. Kessinger and M. Carlisle Minor;

H. R. 1857. An act for the relief of Nell Mullen;

H. R. 2055. An act for the relief of the K. E. Parker Co.;

H. R. 2086. An act for the relief of Joseph Sciortino;

H. R. 2160. An act for the relief of S. Uttal;

H. R. 2356. An act for the relief of the International Grain Co., Inc.;

H. R. 2665. An act to provide increases in clerical allowances at certain offices of the third class, and for other purposes;

H. R. 3358. An act for the relief of the estate of James A. Henderson, deceased;

H. R. 3674. An act for the relief of the Allegheny Forging Co.;

H. R. 3675. An act for the relief of the Allegheny Forging Co.;

H. R. 3784. An act for the relief of the estate of J. D. Warlick;

H. R. 3887. An act for the relief of Capt. Walter L. Shearman;

H. R. 4031. An act to confer jurisdiction on the Court of Claims to hear, determine, and render judgment upon the claim or claims of the Recording & Computing Machines Co., of Dayton, Ohio;

H. R. 4256. An act for the relief of the estate of George B. Spearin, deceased;

H. R. 4456. An act for the relief of William O'Connell;

H. R. 5089. An act conferring jurisdiction upon the Court of Claims of the United States to hear, examine, adjudicate, and render judgment on the claim of the legal representative of the estate of Rexford M. Smith; and

H. R. 7941. An act relating to the citizenship and compensation of certain employees on military construction work in the Panama Canal Zone.

### ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 1820. An act to provide for the transfer of certain land owned by the United States to the State of Texas, and certain other land to the county of Galveston, Tex.; and

H. R. 2001. An act for the equalization of letter carriers.

### CALL OF THE ROLL

Mr. MINTON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

|         |         |         |         |
|---------|---------|---------|---------|
| Adams   | Austin  | Bridges | Byrnes  |
| Andrews | Barbour | Brown   | Capper  |
| Ashurst | Barkley | Bulow   | Caraway |

|              |                 |               |               |
|--------------|-----------------|---------------|---------------|
| Chandler     | Harrison        | Maloney       | Slattery      |
| Chavez       | Hatch           | Mead          | Smathers      |
| Clark, Idaho | Hayden          | Miller        | Smith         |
| Clark, Mo.   | Herring         | Minton        | Stewart       |
| Davis        | Hill            | Murray        | Taft          |
| Donahay      | Holman          | Norris        | Thomas, Okla. |
| Downey       | Holt            | Nye           | Tobey         |
| Ellender     | Hughes          | O'Mahoney     | Townsend      |
| Frazier      | Johnson, Calif. | Overton       | Truman        |
| George       | Johnson, Colo.  | Pepper        | Tydings       |
| Gerry        | King            | Pittman       | Vandenberg    |
| Gibson       | La Follette     | Radcliffe     | Van Nuys      |
| Gillette     | Lee             | Reed          | Wagner        |
| Glass        | Lucas           | Reynolds      | Walsh         |
| Green        | Lundeen         | Russell       | Wheeler       |
| Guffey       | McCarran        | Schwartz      | White         |
| Gurney       | McKellar        | Schwellenbach | Wiley         |
| Hale         | McNary          | Shipstead     |               |

Mr. MINTON. I announce that the Senator from Alabama [Mr. BANKHEAD], the Senator from Washington [Mr. BONE], and the Senators from Texas [Mr. CONNALLY and Mr. SHEPARD] are absent from the Senate because of illness.

The Senator from North Carolina [Mr. BAILEY], the Senator from Mississippi [Mr. BILBO], the Senator from Nebraska [Mr. BURKE], the Senator from Virginia [Mr. BYRD], and the Senator from West Virginia [Mr. NEELY] are detained on important public business.

The Senator from Utah [Mr. THOMAS] is detained on official business for the Special Committee on Civil Liberties.

Mr. McNARY. I announce that the Senator from Connecticut [Mr. DANAHY] and the Senator from Massachusetts [Mr. LODGE] are necessarily detained from the Senate.

The VICE PRESIDENT. Eighty-three Senators have answered to their names. A quorum is present.

#### SENATOR FROM IDAHO—CREDENTIALS

The VICE PRESIDENT laid before the Senate the credentials of JOHN THOMAS, designated by the Governor of Idaho a Senator from that State to fill the vacancy caused by the death of Hon. William E. Borah, which were read and ordered to be placed on file, as follows:

STATE OF IDAHO,  
OFFICE OF THE GOVERNOR,  
Boise.

TO THE PRESIDENT OF THE SENATE OF THE UNITED STATES:

This is to certify that pursuant to the power vested in me by the Constitution of the United States and the laws of the State of Idaho, I, C. A. Bottolfson, the Governor of said State, do hereby appoint Hon. JOHN THOMAS, of Gooding, Idaho, a Senator from said State to represent said State in the Senate of the United States until the vacancy therein caused by the death of Senator William E. Borah, of Boise, Idaho, is filled by election, as provided by law.

Witness: His excellency our Governor, C. A. Bottolfson, and our seal hereto affixed at Boise, Idaho, this 27th day of January, A. D. 1940.

By the Governor:

C. A. BOTTOLFSSEN, Governor.

[SEAL]

GEO. H. CURTIS, Secretary of State.

#### PROGRAM FOR CONSTRUCTION OF SMALL HOSPITALS (H. DOC. NO. 604)

The VICE PRESIDENT laid before the Senate the following message from the President of the United States, which was read and referred to the Committee on Education and Labor:

*To the Congress of the United States:*

In my special message to the Congress on January 23, 1939, I expressed my concern over the inequalities that exist among the States as to health services and resources with which to furnish such services. With that message I transmitted the report and recommendations on national health prepared by the interdepartmental committee to coordinate health and welfare activities, and recommended it for careful study by the Congress.

Conditions described a year ago are substantially unchanged today. There is still need for the Federal Government to participate in strengthening and increasing the health security of the Nation. Therefore, I am glad to know that a committee of the Congress has already begun a careful study of health legislation. It is my hope that such study will be continued actively during the present session, looking toward constructive action at the next. I have asked the interdepartmental committee to coordinate health and welfare activities to continue its studies.

In order that at least a beginning may be made I now propose, for the consideration of the Congress, a program for the construction of small hospitals in needy areas of the country, especially in rural areas, not now provided with them. Hospitals are essential to physicians in giving modern medical service to the people. In many areas present hospital facilities are almost nonexistent. The most elementary health needs are not being met.

The provision of hospitals in the areas to which I refer will greatly improve existing health services, attract competent doctors and raise the standards of medical care in these communities. The new hospitals should serve the additional purpose of providing laboratory and other diagnostic facilities for the use of local physicians, as well as accommodations for local health departments.

The proposed hospitals should be built only where they are most needed; they should not be constructed in communities where public or private institutions are already available to the people in need of service even if these institutions are not up to the highest standards. To insure proper location and good standards of operation, approval of hospital construction projects should be given by the Surgeon General of the Public Health Service, with the advice of an advisory council consisting of outstanding medical and scientific authorities who are expert in matters relating to hospital and other public-health services.

Projects proposed for consideration should be submitted by responsible public authorities and should include assurance that adequate maintenance will be provided. Approval of projects should be preceded by careful survey of existing local hospital facilities and needs. Standards for organization, staff, and continuing operation should be established by the Surgeon General, with the advice of the advisory council. A competent hospital staff and satisfactory standards of service should be required, including medical, surgical, and maternity service. When indicated, special provisions should be made for the care of the tuberculous. In many areas of the South, the present acute needs for the care of Negro patients should also be met.

I suggest that these hospitals be simple, functional structures, utilizing inexpensive materials and construction methods. The facilities of the Federal Works Agency should be utilized in the planning and execution of the hospital projects. Title to these institutions should be held by the Federal Government, but operation should be a local financial responsibility.

I recommend to the Congress that enabling legislation for this program be enacted and that a sum of between \$7,500,000 and \$10,000,000 be appropriated to the Public Health Service to inaugurate the program during the next fiscal year.

I am confident that even this limited undertaking will bring substantial returns in the saving of lives, rehabilitation of workers, and increased health and vigor of the people.

This suggestion is not a renewal of a public-works program through the method of grants in aid. The areas which I have in mind are areas so poor that they cannot raise their share of the cost of building and equipping a hospital. Yet I believe that many of such communities have enough public-spirited citizens with means, and enough citizens able to pay something for hospital treatment, to care for operating costs of a hospital, provided they do not have to pay for its original construction and equipment, or to pay annual interest and amortization on borrowed money. Treatment in such a hospital would, of course, be available to men, women, and children who literally can afford to contribute little or nothing toward their treatment.

One of the important difficulties in such areas at the present time is that young doctors hesitate to practice general medicine or surgery because of the utter lack of hospital or laboratory facilities. One cannot blame them.

In such areas, also, costs of construction are generally low and many local materials can be used. It is my belief that, with the assistance of the Work Projects Administration, the cost of building and equipping a hundred-bed hospital can be kept down to between \$150,000 and \$200,000. This means



that we could build 50 such hospitals for between \$7,500,000 and \$10,000,000.

This is not an ambitious project. This principle should not be extended to Government gifts to communities which are financially able to build their own hospitals. It is an experiment in the sense that the Nation will gain much experience by undertaking such a project.

At the very least it will save lives and improve health in those parts of the Nation which need this most and can afford it least.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, January 30, 1940.

#### TEMPORARY NATIONAL ECONOMIC COMMITTEE

The VICE PRESIDENT appointed the Senator from Maine [Mr. WHITE] a member, on the part of the Senate, of the Temporary National Economic Committee, created by Public Resolution 113, approved June 16, 1938, to fill the vacancy caused by the death of Hon. William E. Borah, late a Senator from the State of Idaho.

#### FUTURE ADJUSTMENT IN ACCOUNTS OF THE UNITED STATES TREASURER

The VICE PRESIDENT laid before the Senate a letter from the Acting Secretary of the Treasury, transmitting a draft of proposed legislation to authorize certain future adjustments in the accounts of the Treasurer of the United States when erroneous payments have been made by him in good faith and without negligence, and for other purposes, which, with the accompanying paper, was referred to the Committee on Expenditures in the Executive Departments.

#### CONTRACTS EXEMPTED BY SECRETARY OF THE NAVY FROM PROFIT LIMITATION

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Navy, transmitting, pursuant to law, a report of the names of contractors and subcontractors who have been granted exemption by the Secretary of the Navy from the limitation of profit owing to the contracts being for scientific equipment, which, with the accompanying papers, was referred to the Committee on Naval Affairs.

#### REPORT OF SECURITIES AND EXCHANGE COMMISSION

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the Securities and Exchange Commission, transmitting, pursuant to law, the fifth annual report of the Securities and Exchange Commission for the fiscal year ended June 30, 1939, which, with the accompanying report, was referred to the Committee on Banking and Currency.

#### REPORT OF UNITED STATES HOUSING AUTHORITY

The VICE PRESIDENT laid before the Senate a letter from the Administrator of the United States Housing Authority, transmitting, pursuant to law, the report of the Authority for the fiscal year ended June 30, 1939, with supplementary data on activities to December 31, 1939, which, with the accompanying report, was referred to the Committee on Education and Labor.

#### REPORTS OF THE LIBRARIAN OF CONGRESS

The VICE PRESIDENT laid before the Senate a letter from the Librarian of Congress, transmitting, pursuant to law, his annual report and also the annual report of the Register of Copyrights, both for the fiscal year ended June 30, 1939, which, with the accompanying reports, was referred to the Committee on the Library.

#### REPORT OF WASHINGTON GAS LIGHT CO.

The VICE PRESIDENT laid before the Senate a letter from the president of the Washington Gas Light Co., transmitting, pursuant to law, the annual report of the Washington Gas Light Co., together with a list of stockholders, for the year ended December 31, 1939, which, with the accompanying report, was referred to the Committee on the District of Columbia.

#### REPORT OF CAPITAL TRANSIT CO.

The VICE PRESIDENT laid before the Senate a letter from the President of the Capital Transit Co., transmitting, pursu-

ant to law, a report covering the operations of the Capital Transit Co. for the calendar year 1939, with balance sheet as of December 31, 1939, which, with the accompanying report, was referred to the Committee on the District of Columbia.

#### REPORTS OF THE CHESAPEAKE & POTOMAC TELEPHONE CO.

The VICE PRESIDENT laid before the Senate letters from the president of the Chesapeake & Potomac Telephone Co., transmitting, pursuant to law, a statement of receipts and expenditures, and a comparative general balance sheet of the Chesapeake & Potomac Telephone Co. for the year 1939, which, with the accompanying papers, were referred to the Committee on the District of Columbia.

#### DISPOSITION OF EXECUTIVE PAPERS

The VICE PRESIDENT laid before the Senate letters from The Archivist of the United States, transmitting, pursuant to law, lists of papers and documents on the files of the Departments of the Treasury, the Navy, the Interior, Agriculture, Labor, and the General Accounting Office, which are not needed in the conduct of business and have no permanent value or historical interest, and requesting action looking to their disposition, which, with the accompanying papers, were referred to a Joint Select Committee on the Disposition of Papers in the Executive Departments.

The VICE PRESIDENT appointed Mr. BARKLEY and Mr. GIBSON members of the committee on the part of the Senate.

#### PETITIONS

The VICE PRESIDENT laid before the Senate a letter in the nature of a petition from the resolutions committee of the Grafton-Sullivan Forest Fire Warden's Association, Hanover, N. H., praying for an increased appropriation covering fire hazard reduction work during the fiscal year 1940-41 in the State of New Hampshire, which was referred to the Committee on Appropriations.

Mr. WALSH presented a resolution adopted by the council and mayor of the city of Quincy, Mass., favoring the enactment of legislation to remedy conditions in connection with compulsory lay-offs under the existing W. P. A. law, which was referred to the Committee on Appropriations.

Mr. CAPPER presented a resolution adopted by the Wichita Automobile Association, of Wichita, Kans., favoring amendment of the so-called Wagner Labor Relations Act so as to provide adequate protection for automobile retailers and their employees and similar groups, which was referred to the Committee on Education and Labor.

#### AID FOR FINLAND

Mr. KING. Mr. President, in my State an organization exists known as the Nordic Committee for Finnish Relief. I have received a communication in behalf of the committee from its officers—Mr. C. H. Carlquist, chairman; Mr. Holger M. Larsen, secretary; and Mr. Lawrence A. Johnson, treasurer. The communication which I have received contains a formal request, directed to the members of the Utah delegation in Congress, that the delegation to "do everything possible to have the United States support Finland short of actually engaging in war." The communication further states that the committee consists of 25 representatives—5 from each—Sweden, Norway, Denmark, Finland, and Iceland. The communication further states that at a gathering in one of the large halls of Salt Lake City more than 2,000 persons were in attendance, at which a number of addresses were delivered urging that the United States Government "should at least grant Finland a loan without 'any strings or conditions.'" The communication further states that the members of the organization, from their contacts with the people generally, are convinced—

That an overwhelming majority of the citizens of Utah favor something very constructive being done in the way of assisting Finland, and think that an outright gift, large enough to enable them to make successful resistance, is the right course to be pursued.

The further statement is made:

This desire is based upon the fact that Finland is fighting for us as well as for herself in restraining the encroachments of Stalin and his communistic government.

With the letter is a statement addressed to the Congress, which reads as follows:

We, the undersigned citizens of Utah, feeling deeply the absolute necessity of the United States' assistance to Finland in every way possible within the keeping of our neutrality laws, hereby beg of you to do everything within your power as our Congressmen to provide unlimited aid to Finland. We resent the attitude of some Members of Congress who have apparently taken an ostrichlike attitude at this serious time, as though the people of our beloved United States did not have any responsibility in supporting other democracies in their attacks by aggressor nations. We feel that the United States has an important stake in the present situation; and inasmuch as the little nation of Finland has conducted herself with honor in her dealings with the United States, therefore our Nation should wholeheartedly support Finland in her defense of democratic and Christian civilization. This assistance should be tendered in a concrete form and not only in sympathetic words.

I ask that this statement, which is signed by several hundred persons, be inserted in the RECORD, and that it, together with the signatures, be referred to the Committee on Foreign Relations.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. KING. The names of several hundred members of the organization referred to are attached to the statement, and my information is that many more citizens of Utah and members of the organization referred to would have been glad to affix their signatures to the statement. I ask that the statement with the names attached thereto be referred to the Committee on Foreign Relations of the Senate. I avail myself of this opportunity to add a few remarks.

As Senators know, there are in the United States a large number of citizens of Scandinavian origin. They are among the most patriotic and enlightened citizens of this Republic. Within the State of Utah there are several hundred thousand persons who were either born in the Scandinavian countries or are their descendants. There are also some residents of the State who are of Finnish origin. I am glad to have the opportunity of paying tribute to the important contributions which have been made to the building of the State which I have the honor, in part, to represent by those who came from the Scandinavian countries, including Finland, and their descendants. There are no better citizens to be found in this Republic than those residents of my State, as well as other States, who trace their origin to the Scandinavian countries.

In every field of endeavor they have demonstrated those fine qualities which make for a high degree of civilization. The residents of my State who have come from the countries referred to are leaders in every branch of industry and in every important activity. They have taken high rank in all cultural fields as well as in all branches of trade, industry, commerce, and agriculture. They have been among the foremost in every line of industry, trade, commerce, and movements that have made for the development of the Commonwealth. They have set examples of thrift and courage and energy and enterprise that have given to them positions of leadership in every part of the State. In art, music, and literature they have been outstanding, and in educational and religious and spiritual spheres their leadership has been accorded universal recognition. They are, in every sense of the word, patriotic American citizens; they are devoted to constitutional government and to the maintenance of those principles of liberty and justice for which this Republic stands.

I respectfully request that the views expressed in the statement which I have read are not only entitled to consideration but should have weight with the Committee on Foreign Relations of the Senate, as well as to all Members of the Senate.

#### REPORTS OF COMMITTEES DURING ADJOURNMENT

Under authority of the order of the 29th ultimo,

On January 30, 1940:

Mr. REYNOLDS, from the Committee on Military Affairs, to which was referred the bill (S. 3200) to provide for the rank and title of lieutenant general of the Regular Army in the military departments of Panama and Hawaii, reported it without amendment and submitted a report (No. 1170) thereon.

On January 31, 1940:

Mr. WALSH, from the Committee on Naval Affairs, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 2992. A bill to authorize an exchange of lands between the Richmond, Fredericksburg & Potomac Railroad Co. and the United States at Quantico, Va. (Rept. No. 1171);

S. 3012. A bill to amend the act entitled "An act making appropriations for the naval service for the fiscal year ending June 30, 1903, and for other purposes," approved July 1, 1902 (32 Stat. 662), relative to the payment of the commuted rations of enlisted men (Rept. No. 1172);

S. 3068. A bill to provide an additional sum for the payment of a claim under the act entitled "An act to provide for the reimbursement of certain personnel or former personnel of the United States Navy and United States Marine Corps for the value of personal effects destroyed as a result of a fire at the Marine Barracks, Quantico, Va., on October 27, 1938," approved June 19, 1939 (Rept. No. 1173);

S. 3174. A bill to authorize the Secretary of the Navy to accept, without cost to the United States, a fee-simple conveyance of 16.4 acres, more or less, of land at Floyd Bennett Field in the city and State of New York (Rept. No. 1174);

H. R. 5634. A bill granting 6 months' pay to Sidney M. Bowen (Rept. No. 1175); and

H. R. 5734. A bill for the relief of World War sailors and marines who were discharged from the United States Navy or United States Marine Corps because of minority or misrepresentation of age (Rept. No. 1176).

Mr. GLASS, from the Committee on Appropriations, to which was referred the bill (H. R. 7922) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1941, and for other purposes, reported it with amendments and submitted a report (No. 1177) thereon.

#### INVESTIGATION OF CERTAIN CAMPAIGN EXPENDITURES—REPORT OF A COMMITTEE

Mr. GREEN, from the Committee on Privileges and Elections, to which was referred the resolution (S. Res. 212) for an investigation of campaign expenditures of Presidential, Vice-Presidential, and senatorial candidates in 1940 (submitted by Mr. GEORGE on January 10, 1940), reported it with amendments, and, under the rule, the resolution was referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

#### BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. SMITH:

S. 3226. A bill to facilitate and simplify national forest administration; and

S. 3227. A bill to enable the Secretary of Agriculture, in cooperation with official State agencies, to prevent the dissemination of pullorum and other diseases of poultry, and to improve poultry, poultry products, and hatcheries, and for other purposes; to the Committee on Agriculture and Forestry.

By Mr. TYDINGS:

S. 3228. A bill for the relief of persons suffering injuries due to the establishment, maintenance, and operation by the United States of the Aberdeen Proving Ground in Maryland for the test of explosive and other dangerous instruments of war; to the Committee on Claims.

By Mr. WALSH:

S. 3229. A bill to authorize the Secretary of the Navy to sell equipment and supplies to and perform work for the Commonwealth of the Philippine Islands; to the Committee on Naval Affairs.

(Mr. WAGNER (for himself and Mr. GEORGE) introduced Senate bill 3230, which was referred to the Committee on Education and Labor, and appears under a separate heading.)



By Mr. CLARK of Missouri:

S. 3231. A bill to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Randolph, Mo.; and

S. 3232. A bill to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near Jefferson Barracks, Mo.; to the Committee on Commerce.

By Mr. NYE:

S. 3233. A bill for the relief of C. T. Jensen; to the Committee on Claims.

S. 3234. A bill for the relief of Hazel Echo Knutson; to the Committee on Finance.

By Mr. MINTON:

S. 3235. A bill granting a pension to Samuel Flowers (with accompanying papers); to the Committee on Pensions.

By Mr. ELLENDER:

S. 3236. A bill to amend section 301 of the Sugar Act of 1937; and

S. 3237. A bill to amend section 301 (a) of the Sugar Act of 1937; to the Committee on Agriculture and Forestry.

(Mr. VANDENBERG introduced Senate bill 3238, which was referred to the Committee on Finance, and appears under a separate heading.)

By Mr. VANDENBERG:

S. 3239. A bill granting an increase of pension to Pearl C. Schnader; to the Committee on Pensions.

By Mr. ANDREWS:

S. 3240. A bill for the relief of the St. Nicholas Park Co.; and

S. 3241. A bill conferring jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claims of all persons who have suffered damages or losses as the result of the construction, development, or improvement of the Intracoastal Waterway, Miami to Jacksonville, Fla.; to the Committee on Claims.

S. 3242. A bill to provide for furnishing the national flag to be used for draping the coffin of deceased members of the Officers' Reserve Corps of the Army; to the Committee on Military Affairs.

S. 3243. A bill to provide for a customhouse building at Miami, Fla.; to the Committee on Public Buildings and Grounds.

By Mr. MEAD:

S. 3244. A bill to incorporate the St. George Association of America, and for other purposes; to the Committee on the District of Columbia.

S. 3245. A bill for the relief of Maria Teresa Valdes Thompson; to the Committee on Immigration.

(Mr. MEAD introduced Senate bill 3246, which was referred to the Committee on Banking and Currency, and appears under a separate heading.)

By Mr. BRIDGES:

S. 3247. A bill declaring the last Thursday in November of each calendar year a national legal and public holiday known as Thanksgiving Day everywhere within the jurisdiction of the United States; to the Committee on the Judiciary.

By Mr. SCHWELLENBACH:

S. 3248. A bill to amend section 2, chapter 368, Forty-sixth Statutes at Large, page 1467, March 2, 1931, relating to extra compensation of inspectors and employees of the Immigration and Naturalization Service; to the Committee on Immigration.

By Mr. KING:

S. 3249. A bill for the relief of Estella King; to the Committee on Claims.

S. 3250. A bill to change the name of a portion of Twenty-fourth Street, NW., to Williamsburg Lane; and

S. 3251. A bill to amend sections 16 and 17 of chapter II of the act of June 19, 1934, entitled "An act to regulate the business of life insurance in the District of Columbia"; to the Committee on the District of Columbia.

By Mr. LUCAS:

S. 3252. A bill for the relief of the Ferguson Construction Co.; to the Committee on Claims.

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By Mr. MALONEY:

S. J. Res. 207. Joint resolution for the relief of the suffering people of Poland; to the Committee on Foreign Relations.

#### FEDERAL HOSPITAL CONSTRUCTION PROGRAM

Mr. WAGNER. Mr. President, on behalf of the Senator from Georgia [Mr. GEORGE] and myself, I introduce and send to the desk for appropriate reference a bill which was prepared to implement the program announced today in the message from the President of the United States. With the bill there is an explanatory statement which I ask unanimous consent to have printed in the RECORD.

There being no objection, the bill (S. 3230) to promote the national health and welfare through appropriation of funds for the construction of hospitals was read twice by its title and referred to the Committee on Education and Labor; and the explanatory statement was ordered to be printed in the RECORD, as follows:

#### HOSPITAL CONSTRUCTION PROGRAM

This bill is drafted to implement the program of Federal hospital construction outlined in the President's recent message. It is the first step in the development of the rounded national-health program now under consideration in Congress, growing out of the report and recommendations of the Interdepartmental Committee to Coordinate Health and Welfare Activities, transmitted in the President's message on health security about a year ago.

The bill authorizes the appropriation of \$10,000,000 for the fiscal year ending June 30, 1941, for the purpose of assisting States, counties, health or hospital districts, and other political subdivisions in providing better health and medical services through needed hospital facilities in rural communities and economically depressed areas. The term "hospital" is defined in the act to include physical facilities for the prevention, diagnosis, or treatment of disease, and for the protection of the public health.

Administration of the program is vested in the Surgeon General of the Public Health Service. Localities desiring to participate in the benefits contemplated by the legislation must show that additional hospital facilities are needed, and must give satisfactory assurances that such hospitals will be available to the public under appropriate conditions, will be maintained in good repair, and will be utilized in furnishing services according to sound professional and personnel standards, as defined in regulations to be prescribed.

The actual construction work will be carried on by the Federal Works Agency. Title to the hospitals constructed will remain in the Federal Government. As contemplated in the President's plan, the localities leasing the hospitals must carry the full responsibility and burden of current operations, subject to necessary standards. The Federal Security Administrator is authorized to accept, on behalf of the United States, gifts of money, equipment, and land to be utilized in carrying out the purposes of the program.

The administration of the program will be guided by a national advisory hospital council, consisting of the Surgeon General as chairman, and six members selected by him from leading medical or scientific authorities, who are outstanding in matters pertaining to hospital and other public-health services.

The council is authorized to advise the Surgeon General in reviewing applications for Federal hospitals, recommending needed projects, formulating appropriate professional standards and rules and regulations, reviewing reports, and making inspections with reference to professional services and standards of maintenance.

As outlined in the President's message, this program is frankly an experimental one, designed to fill immediately the most pressing health needs of the Nation and to gain valuable experience while congressional studies of a broader program go forward actively during the present session.

A bill (S. 3230) to promote the national health and welfare through appropriation of funds for the construction of hospitals

*Be it resolved, etc.,* That this act may be cited as the National Hospital Act of 1940.

Sec. 2. For the purpose of assisting States, counties, health or hospital districts, and other political subdivisions of the States in providing better health and medical services through the provision of needed hospital facilities to serve rural communities and economically depressed areas, there is hereby authorized to be appropriated to the Public Health Service for the fiscal year ending June 30, 1941, the sum of \$10,000,000 and for each fiscal year thereafter such sums as the Congress may deem necessary for carrying out the purposes of this act. Amounts appropriated under this act shall be available until expended.

Sec. 3. States, counties, cities, other political subdivisions or parts thereof alone or in combination wishing to participate in the benefits contemplated by this act shall make application to the Surgeon General of the Public Health Service (hereinafter referred to as the Surgeon General). Said applications shall contain information necessary to establish the existence of need for hospitals, to give assurance acceptable to the Surgeon General that such hospitals will be made available under appropriate conditions to all groups of the population, will be maintained in good repair, and will be utilized in furnishing service of satisfactory quality, in accordance with regulations hereinafter authorized to be prescribed.

SEC. 4. There is hereby established the National Advisory Hospital Council (hereinafter referred to as the "Council") to consist of the Surgeon General as chairman and six members to be appointed by the Surgeon General with the approval of the Federal Security Administrator. The six appointed members shall be selected from leading medical or scientific authorities who are outstanding in matters pertaining to hospital and other public-health services. Each appointed member shall hold office for a term of 3 years except that (1) any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term, and (2) the terms of office of the members first taking office shall expire, as designated by the Surgeon General at the time of appointment, two at the end of the first year, two at the end of the second year, and two at the end of the third year after the date of the first meeting of the Council. No appointed member shall be eligible to serve continuously for more than 3 years but shall be eligible for reappointment if he has not served as a member of the Council at any time within 12 months immediately preceding his reappointment. Each appointed member shall receive compensation at the rate of \$25 per day during the time spent in attending meetings of the Council and for the time devoted to official business of the Council under this act, and actual and necessary traveling and subsistence expenses while away from his place of residence upon official business under this act.

SEC. 5. The Council is authorized to advise the Surgeon General with reference to the carrying out of the provisions of this act, including—

(a) The review of applications for hospitals submitted in accordance with and meeting the requirements of section 2 and recommendation of such projects as in its opinion are needed, will be adequately maintained, and otherwise will fulfill the requirements of this act.

(b) The formulation of standards which are necessary to insure proper conduct of the hospitals and care of persons served by the hospitals.

(c) The formulation of rules and regulations necessary to carry out the provisions of this act.

(d) The review of reports and inspections, and, when necessary, the making of inspections, with reference to professional service and standards of maintenance of the hospitals.

SEC. 6. In carrying out the purposes of this act the Surgeon General is authorized and directed, after consultation with the council—

(a) To conduct, assist, and foster studies and surveys with respect to needs for hospitalization and problems of hospital operation;

(b) To approve hospital projects, to designate the location, type, equipment, and size of hospitals, and to allocate available funds to such approved projects;

(c) To provide training and instruction of personnel who will be required in connection with the hospitals;

(d) To cooperate with State and local health and welfare authorities and with professional agencies;

(e) To secure reports and to make inspections with respect to professional service and standards of maintenance of the hospitals and other matters pertinent to carrying out the purposes of this act;

(f) To adopt such additional means as may be found necessary or appropriate to carry out the provisions of this act, including the safeguarding of the quality of service furnished in hospitals;

(g) To make, with the approval of the Federal Security Administrator, such rules and regulations as may be necessary to carry out the provisions of this act; and

(h) To lease hospital projects when completed to the applicant for an indefinite period, the consideration for such lease being the maintenance and operation of said hospital in accordance with the provisions of this act; if at any time said maintenance and operation by the applicant shall fail to meet such provisions, the lease shall be terminated by the Surgeon General on 6 months' notice.

SEC. 7. When a hospital project has been approved by the Surgeon General, in accordance with the provisions of this act, it shall be certified by the Federal Security Administrator to the Federal Works Agency for construction and there shall be allocated and transferred to the Federal Works Agency, out of funds appropriated pursuant to this act, so much of the appropriation as may be determined to be available for the project, and the Federal Works Agency is authorized to expend such sums for the planning, execution, and construction of the project and pertinent facilities, including administrative expenses, site acquisition, the preparation of working drawings and specifications, award of all necessary contracts and supervision of construction; and the Federal Works Agency is further authorized to expend out of appropriations available to it in accordance with the purposes thereof, such sums as may be necessary for the completion of the project, but without regard to specific limitations imposed on the use thereof. Title to the properties so constructed, and to the equipment installed therein, and to the land upon which they are located, shall be in the United States.

SEC. 8. The Federal Security Administrator is authorized to accept on behalf of the United States gifts of money, equipment, and land to be utilized in carrying out the purposes of this act.

SEC. 9. The President is authorized to allocate from funds appropriated pursuant to this act for the fiscal year ending June 30, 1941, a sum for all necessary expenses of the Public Health Service in administering the provisions of this act, including the training of personnel; and there is hereby authorized to be appropriated in each succeeding fiscal year such amounts as the Congress may deem necessary for such purpose.

SEC. 10. (a) There is hereby authorized to be appointed in the Public Health Service, in accordance with applicable law, such additional commissioned officers and other personnel as may be necessary in carrying out the provisions of this act.

(b) On recommendation of the Surgeon General, the Federal Security Administrator shall submit to the Bureau of the Budget on or before September 15 of each year a list of approved hospital projects under this act and cost estimates thereof, together with such other data as may be necessary for the preparation of the Budget estimates.

(c) This act shall not be construed as superseding or limiting (1) the functions, under any other act, of the Public Health Service or any other agency of the United States relating to the prevention, diagnosis, and treatment of disease; or (2) the expenditure of money therefor.

(d) The term "State" as used in this act shall include also the territories and insular possessions of the United States.

(e) The term "hospital" as used in this act shall include the physical facilities necessary for the prevention, diagnosis, or treatment of disease, and for the protection of the public health.

(f) The Surgeon General shall include in his annual report for transmission to Congress a full report of the administration of the act, including a detailed statement of receipts and disbursements.

(g) This act shall take effect 30 days after the date of its enactment.

#### ABOLITION OF UNITED STATES TARIFF COMMISSION

Mr. VANDENBERG. Mr. President, I introduce a bill to abolish the United States Tariff Commission and to create in its place a Foreign Trade Board, which shall gather together all of the powers and functions now scattered through 50 different departments and bureaus in relation to the promotion of foreign trade and the protection of domestic industry, agriculture, and labor.

I have prepared a brief statement outlining the proposal. I ask that the statement be printed at this point in the RECORD and that the bill be referred to the Finance Committee.

There being no objection, the bill (S. 3238) to abolish the United States Tariff Commission, to create a Foreign Trade Board, and for other purposes, was read twice by its title and referred to the Committee on Finance; and the statement was ordered to be printed in the RECORD, as follows:

#### STATEMENT PREPARED BY MR. VANDENBERG

I have introduced a bill to create a new independent agency of the Government to be known as the Foreign Trade Board. Speaking generally, it seeks to create full protection for American agriculture, industry, and labor in our relations with other countries through the establishment of a responsible and efficient agency to deal with foreign commercial and financial activities as distinguished from the diplomatic and political activities traditionally conducted by the State Department. It seeks to bring the full, constructive force of government to bear upon all phases of foreign-trade promotion while, at the same time, constantly gearing these efforts to the best welfare of our own domestic economy. It unifies these efforts which are now scattered, in one form or another, through 50 different bureaus and departments of Federal Government. It seeks to create authority, now substantially lacking, to record and control international financial transactions which are just as intimately related to our foreign and domestic economy as are commodity transactions. It seeks to provide practical machinery for keeping our tariffs in constant adjustment to competitive American costs of production, without the necessity of general tariff revisions. This method of handling the problem suggests an answer to those who insist that there is no middle ground between congressional logrolling and the Hull trade-agreements program in a practical and effective answer to the related problems. The advantages of such a Foreign Trade Board are strongly suggested by the success of the British Board of Trade over many decades in meeting the ever-changing conditions and problems of world trade in peace and war alike. There is no pretense that the bill is wholly perfected to meet all necessities. But the text is provided for constructive consideration and debate.

The existing United States Tariff Commission is abolished and all of its functions are transferred to the new Foreign Trade Board. The President is authorized to gather up all the other loose powers dealing with foreign trade and to concentrate them in this new authority. The board would have power to control imports for the purpose of protecting our domestic economy. It would have power to encourage exports through barter agreements and otherwise. It would have power to lower tariffs, as well as to increase them, under explicit congressional criteria. It would have power to take direct action in connection with the troublesome problem of blocked exchange. It would, for the first time, bring into Government possession authentic information regarding transactions in foreign exchange, in the export or import of securities, and in the export or import of gold and silver coin, bullion, or currency. It would be charged with the responsibility of coordinating our foreign trade and financial statistics in order that we may have a true picture of our relationship with each country in the world. Thus facts could take precedence over theories in the conduct of our commercial and financial activities with other countries.



Such an agency is necessary if we shall realistically meet world-trade conditions. It will be doubly necessary in post-war periods of readjustment. All of the principal nations of the world have already abandoned most of the methods previously employed in world trade. New and radically different methods already are in vogue. These nations have resorted to unilateral actions, such as exchange controls, quotas, embargoes, and other export and import controls, and they have extended such arrangements through a constantly growing network of exclusive, bilateral agreements, most of which leave our interests entirely out in the cold. It is not enough to say that these things are all wrong. We must cope with these realities by equipping ourselves to meet these conditions which are not likely to pass in our time. Furthermore, it is vital that our foreign-trade policy should be consistent within itself and should not present a constant quarrel between different policies pursued by different branches of the same Government.

Such an agency should operate as an independent agency and on a parity with other executive departments. It should be subject only to the general direction of the President and the Congress. It should not be subordinated to the State Department, because the latter specializes in political and diplomatic contacts and is not equipped or intended to deal with problems of commerce and finance which must be handled on a basis of domestic need. The Foreign Trade Board must be composed of men who are thoroughly experienced with all phases of our domestic economy, representing all political parties, all geographical sections and all national interests and activities, so that, as a whole, it may speak authentically for all America. So far as possible the Board should aspire to as detached and independent a status, in respect to foreign trade, as the Interstate Commerce Commission in respect to domestic transportation. The entire objective is to implement our commercial and financial transactions with other nations on the most effective basis of trade promotion and trade control in the light of necessary protection for domestic trade and commerce.

#### HOSPITAL LOANS

Mr. MEAD. Mr. President, I am today introducing a bill for appropriate reference which provides for an effective construction program aimed at the improvement of hospital and sanitation facilities throughout the Nation. I wish to observe at the outset that my bill will in no wise conflict with a similar bill introduced by my distinguished colleague the senior Senator from New York [Mr. WAGNER]. It will supplement the program he proposes, and it will permit applicants who otherwise would not be permitted to apply for funds for this purpose to qualify, and, in the end, to build hospital facilities.

I am making this proposal after some careful thought and survey of hospital and sanitation needs throughout the country. I have in mind the construction, equipment, repair, alteration, extension, and improvement of hospitals, water and sewage systems, and works for the reduction of pollutions in our streams.

In view of the essential requirements of hundreds of municipalities which are not in a position to finance such projects themselves, in view of the growing realization that the Nation's health is of major contemporary concern, in view of the need for long-term, low-interest financing in instances where private financing agencies cannot assume the task, in view of the need for continued stimulation of the heavy durable-goods industries, in view of employment requirements both in the skilled and unskilled fields, and in view of the liquidation in the near future of the existing P. W. A. program, which will throw additional hundreds of thousands out of gainful occupation, this proposed legislation appeals to me to be both necessary and timely.

Mr. President, let me point out that this is a modest, conservative proposal. It does not provide for public grants. Every cent that is loaned for this worth-while type of construction will be repaid to the United States Treasury.

The bill is restricted to 100-percent loans for a limited field of construction. It calls for long-term loans—as long as 50 years at 2-percent interest. It calls for an appropriation of \$300,000,000, of which \$100,000,000 shall be wholly devoted to hospital projects.

Mr. President, the construction of hospitals and the construction of sewage-disposal plants for the purification of our water systems is, in my judgment, of the utmost and immediate importance.

Loans will be made to public bodies and, in the case of hospitals, to nonprofit organizations. This means that privately owned and operated nonprofit institutions, such as those operated by religious, fraternal, or educational organi-

zations, which have heretofore been denied Federal public-works assistance, will have an opportunity to benefit under the provisions of the bill.

This proposal carries careful definitions of the type of construction to be undertaken, and it carefully defines the eligibility of applicants. From the standpoint of community health this is an important piece of legislation. From an economic standpoint I consider it most essential. It is a pared proposal as compared with the Mead-Starnes bill, which was rejected last year by the Senate by the closest of margins.

Employment and community requirements will, I believe, commend this measure to the public. It will be administered by the Federal Works Agency and will involve no permanent financial burden on the Government. Aimed at the construction of permanent, self-liquidating, essential projects, this hospital and sanitation facility building program dovetails into other suggestions that are being advanced to protect and to improve the Nation's health.

Mr. President, I trust this matter will have the attention of the Senate. In view of the liquidation of the Public Works Administration and its program, I believe, it is essential and necessary for us to give consideration, and, yes, approval of this matter at this time.

Mr. BARKLEY. Mr. President—

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Kentucky?

Mr. MEAD. I yield to the distinguished leader.

Mr. BARKLEY. I am sure I need not call the Senator's attention to the fact that the Senate has twice passed a stream pollution bill providing for grants in aid and loans to States, municipalities, and other subdivisions, and to private industries, to enable them to put in sewage-disposal plants and other facilities for the purification of our streams.

Mr. President, in my judgment there is nothing more important for the conservation of the health of our people than to enter upon a program of that sort. A bill providing for such a program passed the Senate, and went to the House and is now on the House Calendar, with a rule already ordered by the Committee on Rules for its consideration, and I sincerely hope that the House will at a very early date consider that bill. There are differences of opinion among ardent advocates of legislation providing for elimination of stream pollution as to the best way to bring it about. There has arisen, for instance, the question whether there ought to be any grants in aid even to public corporations or cities. We are seeking now to work out a plan by which long-term loans may be made at low rates of interest by reason of which the communities involved will obtain in the long run as much benefit as if they received a grant outright of one-third of the cost of the total cost of the project.

Mr. President, I appreciate the interest of the Senator from New York in that phase of his program, as well as the other phases of it, and I think we are well on the way toward the enactment of some legislation at this session with respect to elimination of stream pollution.

Mr. MEAD. Mr. President, I recognize the merit in the proposal which the Senator has so ably sponsored in the Senate, at least during my short service in it, and both in the committee and on the floor of the House I was very happy to give the Senator's proposal my hearty cooperation and support. I recognize in the approval given to that proposal, as well as the approval given by this body to other important public-health measures, the possibilities of favorable approval of the measure introduced by me which is aimed at improving the national health. It will also facilitate the passage of other meritorious proposals, such as that just outlined by the distinguished leader of the majority.

The VICE PRESIDENT. Without objection, the bill introduced by the Senator from New York [Mr. MEAD] will be referred to the Committee on Banking and Currency.

The bill (S. 3246) to authorize loans to public bodies and nonprofit organizations for hospital, water, sewer, stream pollution control, and related projects and facilities, and making an appropriation therefor, was read twice by its title and referred to the Committee on Banking and Currency.

## HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred as indicated below:

H. R. 7941. An act relating to the citizenship and compensation of certain employees on military construction work in the Panama Canal Zone; to the Committee on Military Affairs.

H. R. 2665. An act to provide increases in clerical allowances at certain offices of the third class, and for other purposes; to the Committee on Post Offices and Post Roads.

H. R. 329. An act for the relief of R. L. Scott;

H. R. 838. An act for the relief of Ray E. Nies;

H. R. 1183. An act for the relief of Ben L. Kessinger and M. Carlisle Minor;

H. R. 1857. An act for the relief of Nell Mullen;

H. R. 2055. An act for the relief of the K. E. Parker Co.;

H. R. 2086. An act for the relief of Joseph Sciortino;

H. R. 2160. An act for the relief of S. Uttal;

H. R. 2356. An act for the relief of the International Grain Co., Inc.;

H. R. 3358. An act for the relief of the estate of James A. Henderson, deceased;

H. R. 3674. An act for the relief of the Allegheny Forging Co.;

H. R. 3675. An act for the relief of the Allegheny Forging Co.;

H. R. 3784. An act for the relief of the estate of J. D. Warlick;

H. R. 3887. An act for the relief of Capt. Walter L. Shearman;

H. R. 4031. An act to confer jurisdiction on the Court of Claims to hear, determine, and render judgment upon the claim or claims of the Recording & Computing Machines Co., of Dayton, Ohio;

H. R. 4256. An act for the relief of the estate of George B. Spearin, deceased;

H. R. 4456. An act for the relief of William O'Connell; and

H. R. 5089. An act conferring jurisdiction upon the Court of Claims of the United States to hear, examine, adjudicate, and render judgment on the claim of the legal representative of the estate of Rexford M. Smith; to the Committee on Claims.

## EMPLOYEES ON MILITARY CONSTRUCTION WORK, PANAMA CANAL ZONE—AMENDMENT

Mr. THOMAS of Oklahoma submitted an amendment intended to be proposed by him to the bill (S. 3130) relating to the citizenship and compensation of certain employees on military construction work in the Panama Canal Zone, which was ordered to lie on the table and to be printed.

## INDIAN LANDS AND RESOURCES—AMENDMENT

Mr. GURNEY submitted an amendment intended to be proposed by him to the bill (S. 2103) to repeal the act entitled "An act to conserve and develop Indian lands and resources; to extend to Indians the right to form business and other organizations; to establish a credit system for Indians; to grant certain rights of home rule to Indians; to provide for vocational education for Indians; and for other purposes," approved June 18, 1934, and the act of June 15, 1935, supplementary thereto, which was ordered to lie on the table and to be printed.

## AMENDMENT TO INDEPENDENT OFFICES APPROPRIATION BILL

Mr. HOLMAN submitted an amendment intended to be proposed by him to the bill (H. R. 7922) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1941, and for other purposes, which was ordered to lie on the table and to be printed, as follows:

On page 77, line 16, to insert the following:

"Provided, That no part of this appropriation shall be expended for the purchase of oleomargarine or butter substitutes except for cooking purposes."

## FUNERAL EXPENSES OF THE LATE SENATOR BORAH

Mr. CLARK of Idaho submitted the following resolution (S. Res. 223), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

*Resolved*, That the Secretary of the Senate hereby is authorized and directed to pay from the contingent fund of the Senate the actual and necessary expenses incurred by the committee appointed by the Vice President in arranging for and attending the funeral of Hon. William E. Borah, late a Senator from the State of Idaho, upon vouchers to be approved by the Committee to Audit and Control the Contingent Expenses of the Senate.

## REPORT ON THE NATCHEZ TRACE

The VICE PRESIDENT. The Chair lays before the Senate a resolution coming over from a previous day which will be stated.

The resolution (S. Res. 222 submitted by Mr. BILBO on the 29th ultimo) was read, as follows:

*Resolved*, That the Secretary of the Interior be, and he is hereby, directed to transmit to the Senate the report of a survey of the Old Indian Trail, known as the Natchez Trace, which was made pursuant to an act approved May 21, 1934, with a view of constructing a national road on this route to be known as the Natchez Trace Parkway.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

Mr. McNARY. Mr. President, the able Senator from Mississippi [Mr. BILBO] spoke to me about the resolution. I think the subject matter is of historical importance, and I hope the resolution will be considered at this time.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

There being no objection, the resolution was considered and agreed to.

## ADDRESS BY SENATOR WHEELER BEFORE UNITED MINE WORKERS' CONVENTION

[Mr. TRUMAN asked and obtained leave to have printed in the RECORD the address delivered by Senator WHEELER at the Golden Jubilee Convention of the United Mine Workers of America on January 26, 1940, at Columbus, Ohio, which appears in the Appendix.]

## ADDRESS BY SENATOR WALSH ON NEUTRALITY—ITS IMPORTANCE AND DIFFICULTIES

[Mr. WALSH asked and obtained leave to have printed in the RECORD an address on the subject Neutrality—Its Importance and Difficulties, delivered by him before the annual convention of the American Coalition at the Willard Hotel, Washington, D. C., Wednesday, January 31, 1940, which appears in the Appendix.]

## ADDRESS BY SENATOR ADAMS ON RECIPROCAL-TRADE AGREEMENTS

[Mr. JOHNSON of Colorado asked and obtained leave to have printed in the RECORD a radio address on reciprocal-trade agreements delivered by Senator ADAMS on January 31, 1940, which appears in the Appendix.]

## ADDRESS BY SENATOR DAVIS ON FREE ENTERPRISE

[Mr. DAVIS asked and obtained leave to have printed in the RECORD a radio address on the subject Free Enterprise, delivered by him under the auspices of the Business Men's Association of Philadelphia, Pa., which appears in the Appendix.]

## ANNUAL MEETING OF NATIONAL PUBLIC HOUSING CONFERENCE

[Mr. MEAD asked and obtained leave to have printed in the RECORD the text of a letter addressed by the President to the executive director of the National Public Housing Conference and speeches delivered by Senator WAGNER and Hon. Nathan Straus, Administrator of the United States Housing Authority, at the dinner of the conference on Friday, January 26, 1940, at the Willard Hotel, Washington, D. C., which appear in the Appendix.]

## ADDRESS BY FRANK KNOX AT DINNER IN HONOR OF MINISTER OF FINLAND

[Mr. SCHWELLENBACH asked and obtained leave to have printed in the RECORD an address delivered by Frank Knox, on January 12, 1940, at a dinner given by the Chicago chapter of the American-Scandinavian Foundation in honor of Hjalmar J. Procope, Minister of Finland, which appears in the Appendix.]

## EDITORIAL TRIBUTES TO THE LATE SENATOR BORAH

[Mr. HILL asked and obtained leave to have printed in the RECORD an editorial from the Montgomery (Ala.) Advertiser



of the issue of January 21, 1940, and an editorial from the Birmingham News of the issue of January 21, 1940, both paying tribute to the late Senator Borah, which appear in the Appendix.]

#### SECRETARY HULL AND RECIPROCAL-TRADE AGREEMENTS

[Mr. HILL asked and obtained leave to have printed in the RECORD an editorial entitled "A Warrior Bold," written by William Allen White and published in the Emporia (Kans.) Gazette, which appears in the Appendix.]

#### NATIONAL GRANGE LEGISLATIVE PROGRAM

[Mr. CAPPER asked and obtained leave to have printed in the RECORD the legislative program of the National Grange, which appears in the Appendix.]

#### STATEMENT BY M. W. THATCHER ON AIMS OF AGRICULTURE

[Mr. WHEELER asked and obtained leave to have printed in the RECORD a statement by M. W. Thatcher, national legislative representative of the Farmers' Union, relative to the views, aims, and wants of agriculture, which appears in the Appendix.]

#### ARTICLE BY GEORGE STEWART BROWN ON JUDICIAL REVIEW IN TAXATION

[Mr. RADCLIFFE asked and obtained leave to have printed in the RECORD an article entitled "Judicial Review in Taxation," written by George Stewart Brown, published in the Georgetown Law Journal for November 1938, and reprinted in the Baltimore Daily Record of January 3, 1939, which appears in the Appendix.]

#### THE FAR-EASTERN SITUATION

[Mr. SCHWELLENBACH asked and obtained leave to have printed in the RECORD an article published in the Christian Science Monitor of January 30, 1940, relative to the situation in the Far East, which appears in the Appendix.]

#### PHILIPPINE INDEPENDENCE

[Mr. GIBSON asked and obtained leave to have printed in the RECORD an article on the subject of Philippine independence published in the Washington Post of January 28, 1940, which appears in the Appendix.]

#### RELATIONS WITH SOUTH AMERICA

[Mr. SCHWELLENBACH asked and obtained leave to have printed in the RECORD an editorial from Boletim Linotipico, and an article from the Reading (Pa.) Times of January 13, 1940, relative to the relations of the United States with the nations of South America, which appear in the Appendix.]

#### TRADE RELATIONS WITH JAPAN

[Mr. SLATTERY asked and obtained leave to have printed in the RECORD a letter addressed to him by Quincy Wright on the subject of trade relations with Japan, which appears in the Appendix.]

#### JAPANESE-AMERICAN RELATIONSHIPS

Mr. VANDENBERG. Mr. President, the delicate questions involved in Japanese-American relationships, since the abrogation a few days ago of our treaty of 1911, are so important that there should be the least possible confusion of thought on the subject. The President's notice of abrogation was immediately preceded by my own resolution of last July 18 pointing to the same action. In his syndicated column 2 days ago, Mr. Walter Lippmann, a distinguished and thoughtful journalist, put great emphasis upon the contents and the purport of that resolution in its bearing upon the current crisis. In many aspects, I am sorry to say, that he misinterpreted what I believed then and believe now to be the intent and the objective of the resolution and the abrogation is proposed. I do not complain. It is purely an honest difference of opinion. But I think it so important that his interpretation should not go unchallenged—since they bear directly upon the present Japanese relations—that I ask unanimous consent that there may be printed in the RECORD at this point the original Lippmann article and a copy of my letter to Mr. Lippmann in reply.

The VICE PRESIDENT. Is there objection? The Chair hears none.

The article and letter are as follows:

[From the Washington Post of January 30, 1940]

TODAY AND TOMORROW

(By Walter Lippmann)

#### THE SERIOUSNESS OF THE FAR EASTERN QUESTION

Our relations with Japan are now in a very much more serious condition than the majority of Congress or of the people at large seem as yet to have realized. No one can afford to use big words about it.

But the fact is that the issue which has caused the termination of our treaty relations with Japan is more serious, because it is more difficult to settle peaceably, than any issue which has arisen in our foreign relations for 25 years.

The situation in which we now find ourselves was precipitated by a resolution introduced by Senator VANDENBERG on July 18 last. This resolution was referred to the Senate Committee on Foreign Relations. Senator Borah was then the ranking Republican member of the committee, and among others on the committee were Senators HIRAM JOHNSON, CAPPER, LA FOLLETTE, and SHIPSTEAD. Senator NYE was not a member. But it is highly relevant to note that Mr. VANDENBERG is his candidate for President. It is, therefore, clear beyond dispute that the Vandenberg resolution cannot be ascribed to British propaganda or to an intrigue by the President "to involve us in other people's wars" in order to obtain a third term. The Vandenberg resolution was offered by a leading member of the Foreign Relations Committee; it was referred to that committee in the very week when Senator VANDENBERG and his associates on that committee voted to table repeal of the arms embargo and revision of the neutrality laws.

A canvass of the committee showed that it favored the sense of the Vandenberg resolution, and so, acting on the initiative of the Republican isolationists, the State Department served notice on Japan that at the end of 6 months the treaty of 1911 would end. Though on virtually every other matter in domestic or foreign policy there was at the time fierce opposition to the President, on this matter there was no objection, indeed there was universal nonpartisan support. Yet the Vandenberg resolution was the longest step on the road to war that the United States has taken since President Wilson announced in 1915 that he would hold the German Government to strict accountability for its acts.

#### Interpreted as step toward embargo

The terms of the Vandenberg resolution and the circumstances in which it was offered must, therefore, be studied, now that the country is face to face with the actual consequences of the resolution. It declares that "the United States should give Japan the 6 months' notice required by the treaty of 1911 for its abrogation." Why? "So that the Government of the United States may be free to deal with Japan in the formulation of a new treaty and in the protection of American interests as new necessities may require." Everywhere in the world this was taken to mean that the United States was making itself legally free to impose an embargo against Japan and, though there seems to be some doubt whether Mr. VANDENBERG himself had this in mind, no important voice was raised at the time to deny this interpretation of the resolution. It did not mean that the United States would impose an embargo, it did mean that the United States could impose an embargo.

But that is not the whole of the Vandenberg resolution. It contains a second paragraph which, considering Mr. VANDENBERG's isolationist theories, is really most curious. The Senator asked that "the Conference of Brussels of 1937, now in recess, should be reassembled." The Conference of Brussels was attended by the United States, Great Britain, France, Italy, China, the Netherlands, Belgium, and Portugal. These powers, says the Vandenberg resolution, should meet to "determine, pursuant to the Nine Power Treaty of Washington of 1922, whether Japan has been and is violating said treaty and to recommend the appropriate course to be pursued by the signatories."

#### Conference was to uphold treaty

This was a remarkable proposal. It was made, let us remember, at a time when Japan was still bound up with Germany in the so-called anti-Comintern Pact. The United States was to join with six European powers, not including Germany and Russia, and with one greatly interested Asiatic power, namely, China, in passing judgment upon Japan. This international group was then to recommend "the appropriate course to be pursued," if Japan was found guilty. It is plain that by the words "appropriate course," Senator VANDENBERG cannot have meant that the conference should condone Japan's violation of the Nine Power Treaty; his firm language can mean only that the conference was to uphold the treaty, and by something more than the use of words.

Yet at the time when Senator VANDENBERG introduced the resolution, which brought about the termination of our treaty relations with Japan, the European members of his proposed conference were known to be on the brink of a European war. That fact must have been known to Senator VANDENBERG. Yet he proposed to invite Great Britain and France (but not Germany) to join with the United States in judging Japan and in recommending a course of action. But also, at the very moment when Senator VANDENBERG was calling upon these European powers to help us deal with the Far Eastern problem, he was devoting his great eloquence and mighty influence to deny them the right to purchase arms by preventing the repeal of the arms embargo.

Thus he was asking the European Allies to join us in challenging Japan in the Far East while he was telling the people here that it

made no vital difference to them if the Allies were defeated in Europe. He was asking the United States to engage in collective action against Japan in the Pacific while he was willing to take the risk of injuring fatally in the Atlantic his proposed partners in the collective action.

*Mental confusion at home is danger*

Thinking of this character is what makes so very serious the Far Eastern situation that the Vandenberg resolution has precipitated. This profound mental confusion at home, and not the wiles of foreign propagandists or the strength of our potential opponents abroad, is our real danger. For it has caused us to challenge a great power, as the Vandenberg resolution challenges Japan, without calculating the consequences of taking account of the cost or considering how the challenge can be made good.

There are many in Washington who even today have not realized what it means to end our treaty relations with Japan in order to force Japan, on the theory of the Vandenberg resolution, to retreat from China. They do not seem to have grasped the fact that this is a frontal challenge to a great power on an issue which that power regards as so vital that it has gone to war about it. But they can measure the seriousness of the challenge when they recall that Great Britain and France are at war with Germany because they insist that Hitler shall give up in Poland, Czechoslovakia, and Austria what we are asking Japan to give up in China.

It would be a great mistake to assume that Japan will retreat because we apply an increasing economic pressure. To rely on that solution is to fall into that most dangerous of all errors, to underestimate the strength of an opponent. On the contrary, it would be folly not to realize that the Japanese can resort to more and more desperate expedients as their situation becomes more and more desperate. As a matter of fact, they have already indicated how they are likely to respond to our pressure. They will not try to challenge us directly. They will recoup their prestige and compensate themselves for their losses by measures directed against other nations, against those very nations which Senator VANDENBERG in his resolution wished to call to our assistance.

*Japan intensifies action in China*

Thus the Japanese have replied to the psychological blow of the treaty abrogation by intensifying their assault on the British at Tien-Tsin. As we tighten the screws, they will intensify their actions against the French supply lines to free China. They will in all probability try to come to terms with Soviet Russia for a partition of China. And if Hitler attacks the Netherlands, they are not likely for long to leave untouched the almost undefended Netherlands Indies.

The Japanese will, in other words, seek to destroy the power of our potential partners in the Far East. They will ally themselves with the nations in Europe which are at war with our potential partners in the Far East. They will strike not at us but at our friends. And their object will be, while avoiding war with the United States, to isolate us completely and put us in a position where we must accept their supremacy in the western Pacific or fight them alone under extremely difficult conditions. For they know that if the Allies can be driven out of the Far East and defeated or made helpless in Europe, then the United States will be quite unable with any force it can command to uphold its interests in both oceans at once.

Senator VANDENBERG was quite right last July when he saw that the Far Eastern question cannot be settled without the participation of the European powers. He was much more profoundly right than he himself has as yet begun to realize.

JANUARY 30, 1940.

MR. WALTER LIPPMANN,

1525 Thirty-fifth Street NW., Washington, D. C.

MY DEAR MR. LIPPMANN: You do me the undeserved honor of devoting your syndicated column this morning to a discussion of my Senate resolution of last July 18—calling for an abrogation of our 1911 treaty with Japan and for the reference of the Nine Power Treaty problem to the Brussels Conference. You proceed on the theory that my resolution "precipitated the situation in which we now find ourselves" because the State Department acted upon the favorable sentiment in the Senate Foreign Relations Committee toward the resolution. This is historically inaccurate. The committee rejected my resolution. The State Department's action followed immediately upon the heels of this rejection. It is of no particular moment as regards the problem itself. I simply wish to disclaim the theory that the President and the State Department were controlled by my initiative.

But this leaves for discussion the far more important matters respecting Jap-American relations to which you advert. You correctly emphasize the danger of "mental confusion" upon the subject. I know you would not consciously contribute to this "confusion." Yet that may unhappily be the result of many of your references to my Senate resolution of July 18 and my own attitudes and purposes, if I may be allowed very respectfully to say so. At any rate, I know you will welcome my own viewpoint respecting these references in order "to keep the record straight."

You say "the Vandenberg resolution was the longest step on the road to war since 1915." It was nothing of the sort—unless the incident of abrogation be needlessly used to precipitate a breach and a crisis which the resolution itself explicitly sought to avoid through its demand for a new treaty. It is historically necessary to remember that the Senate was being urged last July by important administration Senators to clamp a one-sided embargo on Japan then and there. That would have violated the treaty of

1911 and distinctly would have been "the longest step to war since 1915." My resolution was an alternative. It was relatively a pacific alternative. It was so intended. It so stated within its own preamble. It opened the way to precisely this result.

You say "everywhere in the world the resolution (which you constantly confuse with the administration's own independent abrogation notice) was taken to mean that the United States was making itself legally free to impose an embargo against Japan; and, though there seems to be some doubt whether Mr. VANDENBERG himself had this in mind, no important voice was raised to deny this interpretation." There is no doubt that the notice of abrogation legally freed us to apply a one-sided embargo. Probably no "important voice"—as "importance" is appropriately rated—denied it. But if the "voice" of the author of the resolution has any "importance," it was constantly and insistently raised against any such automatic purpose or prospectus.

You say the theory of the resolution was "to force Japan to retreat from China." Any such "theory" is denied by the text of the resolution itself which sought two things: (1) the formulation of a new treaty; (2) the protection of American interests "as new necessities may require." Whatever our sympathies may be, and whatever our sense of deep outrage over the conquest of China, our official responsibility, as a matter of foreign policy, is not "to force Japan to retreat from China"; it is to protect American interests. And that was the stated purpose of my resolution.

You say that the resolution, as interpreted by you, "is a frontal challenge to a great power," and must be viewed with this seriousness. I say that the resolution, as interpreted by itself, was a serious effort to avoid any necessity of challenge that might lead to war. I repeat it was the alternative to a one-sided embargo which, then and now, would be "a frontal challenge to a great power."

The purpose of the author of the resolution may be inconsequential. But in view of the importance which you inexplicably attribute to the authorship, it may help to "keep the record straight" to quote from a letter which I wrote Secretary of State Hull on August 7, 1939:

"I do not need to tell you that I have a particularly intimate interest in developments that follow your notice to Japan—regarding the abrogation of the Treaty of 1911—following as it did a resolution to this effect which I presented in the Senate. You are, of course, in no sense obligated to observe the text of my Senate resolution which preceded your action. But I take the liberty of pointing out that the resolution asserted the desirability of this abrogation for the purpose of enacting a new treaty with Japan in the light of 1939 realities.

"I want to take the liberty of making it plain that my own theory of abrogation is definitely predicated upon earnest efforts to agree upon a new engagement. I do not need to tell you that I would not be interested in a mere arbitrary prelude to a subsequent one-sided embargo. If such an embargo ultimately becomes indispensable to the adequate protection of legitimate American interests and rights in the Far East, and if the American people are ever deliberately and consciously ready to take what might thus be the first step toward war itself, we can meet that situation when the issue is unavoidably precipitated. I am writing this letter simply to state my own conviction that any such sinister step is not 'unavoidably necessary' unless and until we have exhausted every pacific recourse. Therefore, it is my prayerful hope that our own Government may promptly indicate to the Government of Japan that we are prepared and anxious to negotiate a new treaty of commerce and amity between the United States and Japan for the purpose of resolving—if possible—any controversy between us affecting American interests. It seems to me that Japan's response to a good-faith effort of this character on the part of the United States will authentically determine whether Japan is prepared to deal justly with us in the perpetuation of mutually friendly and helpful relationships. Holding this view, I shall greatly appreciate it if I may be kept advised from time to time regarding any developments along these lines which I may appropriately be permitted to know about."

I have repeated these sentiments several times in subsequent letters to the State Department. They concede that your interpretation of my resolution could be made. I freely concede that it has been made. But I resist the conclusion that it must be made. The purpose of the resolution was not to precipitate an embargo; it was to avoid an embargo—to avoid it through the realistic negotiation of a new commercial and political treaty with Japan which should amicably settle the question of American rights in Japan and China. I continue to believe this is possible if Japan takes adequate cognizance of our legitimate interests and if we recognize that the Far East of 1940 is not the Far East of 1911. I continue to believe that a rational agreement is possible unless statemanship is bankrupt at one end of the line or the other. I continue to oppose—except as a last resort—any one-sided embargo against Japan which in truth would be "the longest step on the road to war since 1915." This is not an expression of fear. It is an expression of prudence. It is not remotely a surrender to Japan. It is a surrender to common sense—but, of course, the surrender must be reciprocal. We may come to an embargo—and Japan is illy advised if it ignores this hazard. But we have not reached "the last resort" until we have exhausted every reasonable effort to write a new treaty as proposed by the Vandenberg resolution of July 18, 1939.

Now I come to the second part of your discussion—namely, the resolution's call for the submission of the question of Japan's violations of the Nine Power Pact to a renewed meeting of the Brussels Conference of 1937 which was then and still is in impotent recess.



You say "this was a remarkable proposal." If it was "remarkable," then the Nine Power Pact was "remarkable," because this was the precise procedure written into the pact itself for dealing with violations of the pact.

You say that by this proposal I invited Great Britain and France to join in "judging Japan." I did nothing of the sort. I invited the nine powers involved in the pact to read their own pact and to do what their own pact required under such circumstances. It is well, once more, to remember the alternative which was then urged—namely, that the United States should police the Nine Power Pact solely and alone upon its own responsibility. I was opposed to any such policing then and I am opposed to it now. If it is policed, it should be policed by all concerned and in the fashion which the Nine Power Pact itself prescribes. That is what the Brussels Conference was—and still is—for.

You say that while I was thus "calling upon European powers for help," I was supporting an arms embargo which would impair their ability to help. I was not "calling for help." I was "calling" for a recognition of all and not just part of the Nine Power Pact. It has nothing to do with the arms embargo—unless the inference is that we must not expect these European powers to abide by their engagements unless we arm them to do it. I reject any such hypothesis.

You further labor this arms embargo issue by gratuitously adding that, because I favored the arms embargo, I was "telling the people here that it made no vital difference to them if the Allies were defeated in Europe." I told them nothing of the sort. I told them that they must be neutral in their public policies and that they must keep out of this war themselves because it would make a vital difference to them if they drifted into a war from which they probably would come in political and fiscal bankruptcy despite their victory. I have never said the outcome in Europe makes no difference to us. It does make a tremendous difference. My feelings are well known and unequivocal. But it makes a still greater difference, in my humble opinion, if we are drawn into war—and I propose to continue to combat that hazard to the last honorable limit.

I beg your indulgence for this long analysis. It could not be shorter and parallel your own discussion. I am sure you will understand that I am writing in no spirit of complaint. I am sure you know my great respect for your opinions. But since you have assigned me to a place of such undue prominence in our far-eastern policies, I have felt it incumbent upon me to point out, chapter and verse, wherein I deeply dissent from some of your comments and conclusions.

With warm personal regards and best wishes,

Cordially and faithfully,

(Signed) ARTHUR H. VANDENBERG.

Mr. SCHWELLENBACH. Mr. President, I should like to say that while I probably disagree with the Senator from Michigan upon the general question involved, in view of the background behind the resolution submitted by the Senator from Michigan, I felt, in reading the article by Mr. Lippmann the other morning, that it was extremely unfair to the Senator from Michigan and completely misstated the actual facts, probably without any intention upon Mr. Lippmann's part.

Mr. VANDENBERG. I thank the Senator for his observation.

#### CENSUS QUESTIONNAIRES

Mr. TOBEY. Mr. President, I desire at this time to take 4 or 5 minutes to read a letter to a department head in the form of a petition. The letter is addressed to Hon. Harry L. Hopkins, Secretary of Commerce, and is as follows:

HON. HARRY L. HOPKINS,  
Secretary of Commerce,  
Washington, D. C.

JANUARY 31, 1940.

DEAR MR. SECRETARY: My attention has been called to the questionnaires which have been prepared by the Bureau of the Census, both for the population schedule and the census of housing, and I cannot reconcile some of the questions which will be asked of the householders of this country with the natural right of privacy of the individual and further with the authority granted by law.

In addition, in the light of evidence found by the Sheppard Investigating Committee in the matter of the W. P. A. scandal, I feel that there is real danger to our individual citizens in forcing them under threat of a penalty of imprisonment to divulge to the politically appointed individuals who are seeking this information facts concerning the individual citizens' financial indebtedness.

In the first place, it is noted that each individual called upon by the census takers will be forced, under threat of penalty of fine and imprisonment, to answer more than 80 questions, this ordeal alone being sufficient to give the normal housewife at least a slight suggestion of a headache. In the Sheppard report of the committee investigation into the W. P. A. scandal the official W. P. A. records were not kept in confidence; but in the State of Kentucky, for example, lists of all W. P. A. workers were copied from the official records in forms with a column left for "remarks." These forms were mimeographed on official W. P. A. stationery and copies handed to the W. P. A. foremen to have them filled out with the political affiliation of the relief worker and whether or not, in the

opinion of the foreman, the person so checked was favorable to the candidacy of the Democratic incumbent who was running for reelection. In many instances it was found that men not in favor of this candidate were discharged and denied relief.

Referring to the 1940 census, there has been inserted in the CONGRESSIONAL RECORD a copy of a letter addressed by a Member of the Senate to an applicant for census work, which stated that the applicant should secure the endorsement of her Democratic ward and precinct committeeman indicating that the census takers who call from door to door will be members of one political party and, in most cases, loyal party workers. I understand that those who call from door to door will be local residents of the community. Therefore, it will be most embarrassing to the individual, and a severe hardship, to require him, as you do, under the questionnaire, to tell his neighbor, who is taking the census, what salary he is receiving and whether he has received income of \$50 or more from sources other than money, wages, or salary.

In view of the W. P. A. scandal, there are grounds for being apprehensive lest these politically appointed census takers reveal this information to their political bosses and lest the political bosses take political advantage of the financial plight of the individual citizen. Further ground for this apprehension is based upon the fact that the owner of a private home is required, under the terms of the questionnaire, to reveal to his politically appointed neighbor, whether or not his home is mortgaged, and, if so, the amount of the mortgage, how regularly he is making payments on his mortgage, and whether the mortgage is held by an individual or business concern.

I am advised that the National Census of Housing Act of 1939 incorporates the provisions of the National Census Act of June 18, 1929. The latter act stipulates that the census "shall be restricted to inquiries relating to population, to agriculture, to irrigation, to drainage, to distribution, to employment, and to mines." The scope of these inquiries was enlarged in the National Census of Housing Act of 1939 to include "information concerning number, characteristics (including utilities and equipment) and geographical distribution of dwelling structures and dwelling units in the United States." The restriction placed by Congress on the inquiries would seem in all reason to call for an application of the universally accepted maxim, "Expressio unius est exclusio alterius."

Is it not rather anomalous that in this enlightened age, when the right to privacy in the individual has made such great strides, that the Government should step in and put a halt to that progress? This innate love of freedom in the individual is not the only deterrent in refusals to answer questions of this kind. The individual is entitled to a certain amount of self-respect. Why should he be compelled to divulge the amount of his income to political appointees who may reside in his neighborhood, who may be his next-door neighbor, in fact, or even an enemy. He is justifiably loath to furnishing such information to any Tom, Dick, and Harry who has been given, by a political boss, the privilege to intrude. Besides the convictions which have been inculcated in him, besides his self-respect, which is commendable, he may have an additional cause for refusing to answer some of these questions.

Would anyone be willing to say that his feeling that such evidence might be used against him by certain interested parties was altogether unwarranted?

Were I told that such a method of compulsion was used to elicit private information in Soviet Russia or in Germany prior to, and to facilitate, the inauguration of dictators in those countries, I would not be at all surprised. In this day of impermanence in governments, in this age of "social planning," when disastrous inroads in the liberties of the individual are perpetrated in the name of greater efficiency, a questionnaire of this kind is, to say the least, untimely. Such a departure from precedent under the guise of social planning reminds one of Professor Tugwell's words: "We begin with small unnoticed changes and end by not being able to resist vast and spectacular ones."

To compel a citizen of the United States to furnish facts about his private affairs, as above referred to, is a policy which endangers the rights of the individual and, under the restrictions placed by the Congress, it appears to me to be entirely unjustified.

I, therefore, am writing to ask that you advise me as to the disposition of the Department in this matter in light of the objections which I have raised.

Very truly yours,

CHAS. W. TOBEY.

Mr. President, I now exhibit to the Senate 1 of the sheets to be used by census enumerators. The sheet embodies 50 questions and is almost large enough to use as a blanket for a baby. With it also is the housing questionnaire, containing 31 additional questions, so there is a grand total of 81 questions. There is not a census enumerator, no matter how skilled he may be, who can go to a housewife and propound those questions and get satisfactory answers in less than an hour or an hour and a half. And for that we are paying \$8,000,000.

Mr. President, I decry the Federal Government seeking to pry into the affairs of individuals in this great inquisitorial and snooping campaign. Common sense and true Americanism rise up and cry, "Hold, enough!"

[Manifestations of applause in the galleries.]

The VICE PRESIDENT. The Chair expresses the hope that the occupants of the galleries will observe the rules of the Senate.

Mr. TOBEY. Mr. President, I ask that the questions appearing on these questionnaires be printed in the RECORD at this point.

There being no objection, the matters were ordered to be printed in the RECORD, as follows:

**Location:**

1. Street, avenue, road, etc.
2. House number (in cities and towns).

**Household data:**

3. Number of household in order of visitation.
4. Home owned (O) or rented (R).
5. Value of home, if owned, or monthly rental, if rented.
6. Does this household live on a farm? (Yes or no.)

**Name:**

7. Name of each person whose usual place of residence on April 1, 1940, was in this household.

Be sure to include: 1. Persons temporarily absent from household. Write "Ab" after names of such persons.  
2. Children under 1 year of age. Write "Infant" if child has not been given a first name. Enter X after name of person furnishing information.

**Relation:**

8. Relationship of this person to the head of the household, as wife, daughter, father, mother-in-law, grandson, lodger, lodger's wife, servant, hired hand, etc.

**Personal description:**

9. Sex—Male (M), female (F).
10. Color or race.
11. Age at last birthday.
12. Marital status—Single (S), married (M), widowed (Wd), divorced (D).

**Education:**

13. Attended school or college any time since March 1, 1940? (Yes or no.)
14. Highest grade of school completed.

**Place of birth:**

15. If born in the United States, give State, Territory, or possession.  
If foreign-born, give country in which birthplace was situated on January 1, 1937.  
Distinguish Canada-French from Canada-English and Irish Free State (Eire) from Northern Ireland.

**Citizenship:**

16. Citizenship of the foreign-born.

**Residence, April 1, 1935:**

In what place did this person live on April 1, 1935?

For a person who, on April 1, 1935, was living in the same house as at present, enter in column 17, "Same house," and for one living in a different house but in the same city or town, enter "Same place," leaving columns 18, 19, and 20 blank in both instances.

For a person who lived in a different place, enter city or town, county, and State, as directed in the instructions. (Enter actual place of residence, which may differ from mail address.)

17. City, town, or village having 2,500 or more inhabitants.  
Enter "R" for all other places.
18. County.
19. State (or Territory or foreign country).
20. On a farm? (Yes or no.)

**Persons 14 years old and over—employment status:**

21. Was this person at work for pay or profit in private or nonemergency Government work during week of March 24-30? (Yes or no.)

22. If not, was he at work on, or assigned to, public emergency work (W. P. A., N. Y. A., C. C. C., etc.) during week of March 24-30? (Yes or no.)

If neither at work nor assigned to public emergency work. ("No" in columns 21 and 22.)

23. Was this person seeking work? (Yes or no.)
24. If not seeking work, did he have a job, business, etc.? (Yes or no.)

For persons answering "No" to questions 21, 22, 23, and 24.

25. Indicate whether engaged in home housework (H), in school (S), unable to work (U), or other (Ot).

If at private or nonemergency Government work. ("Yes" in column 21.)

26. Number of hours worked during week of March 24-30, 1940.

If seeking work or assigned to public emergency work. ("Yes" in column 22 or 23.)

27. Duration of unemployment up to March 30, 1940—in weeks.

**Occupation, industry, and class of worker:**

For a person at work, assigned to public emergency work, or with a job ("Yes" in column 21, 22, or 24), enter present occupation, industry, and class of worker.

For a person seeking work ("Yes" in column 23): (a) If he has previous work experience, enter last occupation, industry,

and class of worker; or (b) if he does not have previous work experience, enter "New worker" in column 28, and leave columns 29 and 30 blank.

28. Occupation: Trade, profession, or particular kind of work, as frame spinner, salesman, laborer, rivet heater, music teacher.

29. Industry: Industry or business, as cotton mill, retail grocery, farm, shipyard, public school.

30. Class of worker.

31. Number of weeks worked in 1939 (equivalent full-time weeks).

Income in 1939 (12 months ending December 31, 1939):

32. Amount of money, wages, or salary received (including commissions).

33. Did this person receive income of \$50 or more from sources other than money, wages, or salary? (Yes or no.)

34. Number of farm schedule.

**SUPPLEMENTARY QUESTIONS FOR PERSONS ENUMERATED ON LINES 55 AND 68**

**35. Name.**

For persons of all ages:

Place of birth of father and mother:

If born in the United States, give State, Territory, or possession. If foreign-born, give country in which birthplace was situated on January 1, 1937. Distinguish Canada-French from Canada-English and Irish Free State (Eire) from Northern Ireland.

36. Father.

37. Mother.

Mother tongue (or native language):

38. Language spoken in home in earliest childhood.

**Veterans:**

Is this person a veteran of the United States military forces; or the wife, widow, or under-18-year-old child of a veteran?

39. If so, enter "Yes."

40. If child, is veteran-father dead? (Yes or No.)

41. War or military service.

For persons 14 years old and over:

**Social security:**

42. Does this person have a Federal social-security number? (Yes or No.)

43. Were deductions for Federal old-age insurance or railroad retirement made from this person's wages or salary in 1939? (Yes or No.)

44. If so, were deductions made from (1) all, (2) one-half or more, (3) part, but less than half, of wages or salary?

**Usual occupation, industry, and class of worker:**

Enter that occupation which the person regards as his usual occupation and at which he is physically able to work. If the person is unable to determine this, enter that occupation at which he has worked longest during the past 10 years and at which he is physically able to work. Enter also usual industry and usual class of worker.

For a person without previous work experience, enter "None" in column 45 and leave columns 46 and 47 blank.

45. Usual occupation.

46. Usual industry.

47. Usual class of worker.

For all women who are or have been married:

48. Has this woman been married more than once? (Yes or No.)

49. Age at first marriage.

50. Number of children ever born. (Do not include stillbirths.)

**Census of housing, 1940; preliminary list of inquiries**

**Characteristics of structure in which dwelling unit is located:**

- A. Type of structure: One-family detached, one-family attached, two-family side-by-side, other two-family, three-or-more-family structures, and structures with business by number of dwelling units.

- B. Structure originally built as: Residential structure with same number of dwelling units, with different number of dwelling units; nonresidential structure.

- C. Exterior material: Wood, brick, stucco, other.

- D. Is this structure in need of major repairs? (Yes or no.)

- E. Year structure was originally built.

- F. Located on a farm? (Yes or no.)

**Characteristics of dwelling unit:**

- G. Number of rooms.

- H. Water supply: In dwelling unit—running water, hand pump; within 50 feet of dwelling unit—running water, other.

- I. Toilet facilities: In structure—flush toilet for exclusive use, shared flush toilet, other; outside toilet or privy.

- J. Bathtub or shower with running water in structure: For exclusive use; shared with other households.

- K. Lighting equipment: Electric, gas, kerosene, or gasoline, other.

- L. Estimated rental value of owner-occupied or vacant non-farm dwelling.

- M. Occupancy status of vacant dwelling: For sale or rent—ordinary dwelling, seasonal dwelling; held for absent household—ordinary dwelling, seasonal dwelling.



**Characteristics of occupied dwelling unit:**

- N. Home tenure: Owned, rented.
- O. Color or race of head of household.
- P. Total number of persons in household.
- Q. Refrigeration equipment: Mechanical, ice, other.
- R. Is there a radio in this dwelling? (Yes or no.)
- S. Heating equipment: Central steam or hot water, piped warm air, pipeless warm air, heating stove.
- T. Fuel for heating: Gas, coal or coke, wood, fuel oil, kerosene or gasoline, other.
- U. Fuel for cooking: Electricity, gas, coal or coke, wood, kerosene or gasoline, other.
- V. Monthly rental of renter-occupied dwelling.
- W. Rental value without furniture of renter-occupied nonfarm dwelling with use of furniture included in rent.
- X. Cost of utilities and fuel paid for by nonfarm renter in addition to monthly rental.
- Y. Value of owner-occupied home.
- Z. If owner-occupied nonfarm, is property mortgaged? (Yes or no.)

**Mortgage characteristics of owner-occupied nonfarm 1- to 4-family structure:**

- Aa. Present amount of outstanding indebtedness on first mortgage or land contract; on junior liens.
- Bb. Frequency and amount of regular payments on first mortgage or land contract.
- Cc. Do these regular payments include principal reduction? (Yes or no.) Real-estate taxes? (Yes or no.)
- Dd. Interest rate on first mortgage or land contract.
- Ee. Type of holder of first mortgage or land contract: Building and loan association, commercial bank, savings bank, life-insurance company, mortgage company, H. O. L. C., individual, other.

**INVESTIGATION RELATIVE TO WIRE TAPPING AND LISTENING DEVICES**

Mr. GREEN. Mr. President, I am today submitting a resolution directing the Committee on Interstate Commerce of the Senate to make a full and complete investigation of communication services so far as they relate to wire tapping.

It seems proper for me to make a short statement as to why I have presented today this resolution directing the Senate Committee on Interstate Commerce to make an investigation of communication services so far as they relate to wire tapping, or the use of dictographs, and to report its finding to the Senate with its recommendation for the enactment of any remedial legislation it may deem necessary. I am doing this at this time because of the activities of a detective agency in New York State which has sent into Rhode Island, eastern Massachusetts, and Pennsylvania, and perhaps elsewhere, its agents to tap the wires of elected public officials and private citizens holding responsible positions in the political and business world.

Within the last 3 months it has been ascertained that the telephone wires leading to the home of the mayor of one of the largest cities in my State have been tapped, and also the wires leading to the home and to the State office and to the private law office of the attorney general of Rhode Island. These detectives have, it is reported, traveled back and forth between New York and these other places, living lavishly at hotels and in private homes while working at this business, and some of them are former Federal Government employees who were discharged from the agencies for which they formerly worked. One of them has stated that he was a member of the United States Naval Intelligence while he was working in Rhode Island.

I am informed that besides tapping wires these agents have preyed upon responsible businessmen. In one case, I understand, they assured a citizen of my State that his application for a broadcasting license could be obtained from the Federal Communications Commission for a consideration. This matter has been brought to the attention of the Commission.

I am also informed that the Department of Justice is at the present time investigating their activities, and that the United States district attorney in Rhode Island will soon present his case to the Federal grand jury.

The scandal has been widespread and has attracted much attention. A special assistant to the attorney general of my State, who, it is reported, was recommended to the attorney general by the Governor of Rhode Island, has been discharged from his office by the attorney general because he refused to inform his superior of his transactions with this detective agency.

The United States district attorney of Rhode Island has stated that the tapping of a telephone line, even in intrastate communications, is a violation of section 605 of the Federal Communications Act, provided the substance, purport, or contents of the intercepted message are made known to any person not authorized by the sender to receive the information; also that section 601 provides a penalty for such interception and divulgence, and that whether or not the substance, purport, or contents of such a message were made known, it would be a criminal offense, under the laws of the United States, for two or more persons to conspire together to tap telephone lines, intending to use the information thus obtained.

Gov. Herbert H. Lehman, of New York, in his eighth annual message to the legislature of that State, on January 3 of this year, dwelt upon wire tapping, and his reference to it is as follows:

**RIGHT OF PRIVACY**

A short while ago the Supreme Court of the United States repeated that wire tapping is dirty business. Particularly at this juncture in history have we reason to be keenly grateful for this decision. I for one greet with profound satisfaction the reaffirmation of the principle that a citizen's privacy in a democracy is sacred and must not be invaded without just cause.

I believe that democratic government cannot with either propriety or safety infringe its own basic law. I fought for that principle during the constitutional convention and at the last session. I shall go on fighting for it.

Law enforcement is, of course, a serious duty. But we defeat the desired end if we do not insist that our tools of law enforcement be used honestly, fairly, and without oppression.

Surely this is not a question on which Republican Party leaders should continue to differ with Democratic Party leaders. This is a simple and fundamental question. We should all agree upon preserving the sanctity of our Bill of Rights. You and I can all appreciate that faith in democracy is bound to be impaired if solemn constitutional guaranties are lightly repudiated.

It is my strong conviction that we should by law prohibit the use of evidence stealthily obtained in direct violation of the Constitution. Penalties should be provided for those who ruthlessly invade a citizen's privacy either by improper wire tapping or unlawful searches and seizures. Any other course, as the United States Supreme Court recently said, is "inconsistent with ethical standards and destructive of personal liberty."

What Governor Lehman has said to the Legislature of New York might well be said to the legislatures of other States.

The people not only of the States I have named, but of the country at large, are interested in knowing whether or not public or private funds were used and furnished this detective agency or other agencies to send investigators to the different States to interrupt and tap the communication services of elected public officials. I believe the public is also interested in having Congress pass laws which would prevent persons traveling in intrastate commerce for the purpose of violating any Federal law, including that of wire tapping.

I feel confident that a committee investigating along the lines set forth in this resolution will recommend legislation which will outlaw wire tapping and other despicable practices of this kind.

Mr. MINTON. Mr. President, will the Senator yield?

Mr. GREEN. I yield.

Mr. MINTON. Does the Senator know for whom this detective agency is acting?

Mr. GREEN. I cannot say that I know, but I have very good reason to suspect for whom it is acting.

Mr. MINTON. Would the Senator feel like telling us?

Mr. GREEN. No; I think it inadvisable to name any names.

Mr. MINTON. It would not be connected with any political organization, would it?

Mr. GREEN. It might be.

Mr. MINTON. Of course, if it were, in the spirit of the junior Senator from New Hampshire, I say, "Hold! Enough!"

The resolution (S. Res. 224, submitted by Mr. GREEN) was read and referred to the Committee on Interstate Commerce, as follows:

*Resolved*, That the Committee on Interstate Commerce is authorized and directed to make a full and complete investigation of alleged instances of (1) interception, by means of wire tapping or otherwise, of wire communications to or from officials and employees of the Federal, State, and local governments, and (2) installation of dictographs or similar devices for the purpose of

listening to or recording conversations participated in by such officials and employees. The committee shall report to the Senate as soon as practicable the results of its investigation, together with its recommendation for the enactment of any remedial legislation it may deem necessary.

For the purposes of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places during the sessions and recesses of the Senate in the Seventy-sixth and succeeding Congresses, to employ and to call upon the executive departments for clerical and other assistants, to require by subpoena or otherwise the attendance of such witnesses and the production of such correspondence, books, papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed \$15,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

#### THE CALENDAR

The PRESIDING OFFICER (Mr. O'MAHONEY in the chair). Routine morning business is concluded. The calendar under rule VIII is now in order.

Mr. BARKLEY. Mr. President, I ask unanimous consent that the Senate proceed to consider unobjectioned-to bills on the calendar, beginning with the number following the final measure considered on the last call.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Kentucky?

Mr. McNARY. Mr. President, I favor that procedure. Since the request is made for the purpose of getting the matter before the Senate, I have no objection.

The PRESIDING OFFICER. Without objection, the Senate will consider measures on the calendar beginning with order of business No. 1197, House bill 6124.

#### THE GOVERNMENT'S GOLD AND SILVER PURCHASING POLICY

Mr. TOWNSEND. Mr. President, I desire to occupy just a few moments of the time of the Senate, and I request that I may make my remarks without interruption.

Since last the Senate met, the newspapers have been carrying stories emanating from the Treasury and criticizing the speech on gold and silver which I delivered before the Del-Mar-Va Press Association on January 27.

Senators can get an idea of the nature of the Treasury's criticism of my speech from the newspaper headlines. Let me read a couple of them.

On January 30 the New York Times carried a Washington dispatch headed:

Morgenthau Denies Aid to Russia on Gold—Senator TOWNSEND'S Charge Is Ridiculous, Secretary Says.

In presenting the Associated Press account of Mr. Morgenthau's criticism of my speech, the Washington Evening Star on January 30 carried a headline reading:

Morgenthau Answers Gold Purchase Critic.

Specifically, the Associated Press reporter wrote, in part, as follows:

Asked at his press conference whether the Treasury might discriminate against some gold sources in the future, the Secretary said:

"I doubt it."

He added he had never been able to get accurate figures of Russian gold production, but said it was ridiculous to assume that all of the Russian production was sold to the United States.

The New York Times reporter in his January 29 dispatch from Washington referred to the Secretary of the Treasury's statement, in part, as follows:

WASHINGTON, January 29.—Secretary of the Treasury Henry Morgenthau, Jr., said today it was ridiculous to say that the Treasury had been aiding Soviet Russia by purchasing Soviet gold.

The Washington Times-Herald of the same day, January 30, in a story by John Fisher, similarly quoted the Secretary directly as saying that my statement on Russian gold was ridiculous.

These are just sample excerpts from a statement which the Secretary gave out to all the country. "Ridiculous" is his word.

The Treasury is a great and powerful arm of the Government. Its head is one of the most important officials of this

Nation of more than 130,000,000 souls. The newspapers and press associations rightly assign able reporters to cover what is done and said at the Treasury. When the Secretary speaks to his assembled press conference he is at great advantage, since the entire country is eagerly listening to catch his every word. He is a most influential man. He should, therefore, be careful of what he says. The country assumes that he is.

I was not present at the Secretary's press conference. I did not personally hear his remarks. But I have sufficient confidence in the newspaper reporters who cover the Treasury to believe that they accurately conveyed to their readers the impression which the head of the Treasury wished conveyed concerning my speech on this country's present gold and silver policies.

Moreover, Mr. President, I should like to call attention to the fact that on January 31 the newspapers again quoted Secretary Morgenthau in a new statement in which he again ridiculed my gold-and-silver speech of January 27.

Not content with his quoted remarks of January 29, he "supplemented his criticism," to adopt the expression which was used by the New York Times in reporting the event.

The Secretary does honor indeed when he devotes so much attention to what he has described as a "ridiculous" statement.

Mr. President, exactly what was it that I said which brought forth such an irritated epithet as "ridiculous" from the eminent Secretary? And just what does the Secretary say are the facts of the matter?

First, my statement—what I said was this:

All of us here know that this country during recent years has received vast amounts of foreign bullion, for which foreigners have received billions of dollars in exchange. This situation, without question, has constituted a tremendous boon to the outside world. \* \* \*

Certainly there is a queer inconsistency between our ardent desire to give embattled Finland every possible assistance and our continuous purchase of any or all gold mined in Russia, which is now the world's second largest gold-producing country. Since Russia mines about \$175,000,000 of gold a year, our policy helps Russia many times as much as we have been able to help Finland. Surely our purchasing of gold and silver from Japan is not harmonious with our \$25,000,000 loan to China or with our Japanese policy. Something is definitely screwy about such careless philanthropy.

This is only a quotation. My full speech will be found in the Appendix of the CONGRESSIONAL RECORD, pages 387 to 389.

What does the Secretary say? Let me read from the Associated Press account, as given in the Evening Star of this city:

Replying to a criticism by Senator TOWNSEND, Republican, of Delaware, against Treasury purchases of Russian gold, Secretary Morgenthau said yesterday the Treasury's policy was to buy whatever gold was offered at the fixed price of \$35 per ounce, regardless of source.

The Washington Times-Herald of January 30 reported:

There is not likely to be any discrimination against purchases of gold from Russia and Japan, Secretary of the Treasury Morgenthau indicated yesterday.

He said that there has been no discrimination in the past in the administration's gold-purchase program and doubted whether there would be in the future.

Criticism has mounted in Congress against the administration's purchase of Russian gold while at the same time pretending to be aiding Finland. Also, Morgenthau had hinted last July that the administration could take retaliatory action against Japan by refusing to buy Japanese gold and silver.

Mr. President, unless I am quite unfamiliar with the English language, what the Secretary says about our willingness to buy foreign gold regardless of origin, and what I said in my speech, are identical.

In my speech I did not say that the benefits which Russia, as one of the outstanding world gold-producing countries, receives as a result of our policy of buying all the world's gold at \$35 an ounce comes from the delivery of the Russian gold in the form of Russian bars to our Treasury. I cited the undeniable fact that we cannot buy up two or three times the world's gold and silver production, as we have been doing, without benefiting all foreign producers and all foreign sellers.

Imagine the situation in Washington if the Government should go out and lease 95 percent of all the apartment houses



here. Can anyone be expected to believe that such a situation would not confer great benefit and advantage on the owners of the remaining 5 percent of apartment houses?

Let me quote, Mr. President, from the Secretary's second broadside at my speech, the one carried in the press of January 31. I shall quote from the report carried in the New York Times of January 31. It reads in part:

WASHINGTON, January 30.—The United States Treasury bought no gold from Russia in 1939, Secretary Morgenthau said today.

Supplementing his criticism of Senator TOWNSEND's intimation that the Treasury might have bought the entire Russian gold output, which he estimated at \$176,000,000 since passage of the Gold Reserve Act, the Secretary answered inquiries today with details of recent imports of gold from Russia.

Although there were no imports of gold from Russia last year, the Secretary said that in the last 6 months of 1939 the assay office in New York received two deposits of gold bars worth \$10,500,000 bearing a Russian stamp, but which were shipped from countries other than Russia. He said no Russian bars had been bought by the Treasury so far this year.

Note, incidentally, that I have been misquoted in the statement from which I have just read. That statement attributes to me the estimate of Russia's gold production as "\$176,000,000 since passage of the Gold Reserve Act." This is a great understatement of what I said in my January 27 speech. What I then said was that Russia produces "about \$175,000,000 of gold a year"—that is, in 1 year. If we took the entire 6 years since passage of the Gold Reserve Act, the estimate would have to be several times as large.

I am very much afraid the able Secretary of the Treasury is trying to take our eye off the ball when he tells us that in 1939 the assay office received only two deposits of gold bars bearing a Russian stamp. Were such a statement given out by anyone other than the respected Secretary of the Treasury I should suspect that he was trying to quibble or joke.

Since the assay office sees so little Russian gold "bearing a Russian stamp," let me read at this point a brief and very informative United Press dispatch which appeared in the Washington Times-Herald of October 24, 1939, under the heading "Huge Buying by Soviet Seen":

LONDON, October 24 (Tuesday).—Informed quarters said today that 17½ tons of Soviet gold to be used for the purchase of goods in the United States had been shipped across Germany and is now on deposit in Netherlands banks. The outbreak of the war made it difficult for British firms to fill previously placed large orders from Russia for machinery, tools, and other manufactured products. It was believed that the Russians were seeking to make such purchases in the United States.

The United Press, which sent this dispatch, is not a branch of the Government. It is not official. It is not infallible. Perhaps it was misled in some respect in sending such a story to this country. I am not vouching for the facts in the United Press dispatch. For all I know, someone may call it ridiculous; but, as for me, I have sufficient sense to know that Russian gold can be melted in any of a dozen countries and sent here for sale, and there will be no Russian stamp on the bars.

So let us take some official figures. From page 253 of the December 1938 issue of the British Government's official Accounts Relating to Trade and Navigation of the United Kingdom, which country in 1939 supplied about two-thirds of our gold imports, I learn that the United Kingdom received from Russia gold valued at £40,367,787 sterling in 1937 and £23,326,365 sterling in 1938. Since the United Kingdom in turn sent to us very much more gold than it imported from the U. S. S. R., does it take the Secret Service to discover what became of the Russian gold?

If the Treasury's Secret Service wants any further information on this matter, I can tell them—confidentially, of course—that it is published each month in the Federal Reserve Bulletin.

I am only a small country banker, Mr. President, but I hope I am smart enough to know that when the entire outside world produces in 1 year gold which it sells for about \$1,000,000,000, and when in that same year our gold policy forces us to absorb from abroad more than \$3,000,000,000 of the metal, then every producing country is helped, aided, and subsidized by our policy.

Perhaps that will be described as ridiculous.

There is another point wherein the newspaper reporters who cover the Treasury Department seem to have obtained the impression that the Secretary of the Treasury was casting aspersions on my speech. The desired effect of these numerous stories broadcast to the press of the land seems to be to make it look as though I do not know what I am talking about.

Let me quote once again from the same newspapers. Said the Associated Press in its January 30 dispatch:

He—

The Secretary of the Treasury—

added he had never been able to get accurate figures of Russian gold production.

Hundreds of newspapers must have received that sad news.

And in New York the 532,058 readers of the New York Times, to name merely one lone newspaper, on January 31 were enabled to read the following in the dispatch which their correspondent at the Treasury sent them:

The Secretary declared yesterday that he had tried unsuccessfully ever since he had been in office to obtain accurate figures on Soviet production of gold. Even the Bank for International Settlements, it was recalled, could obtain nothing but rough approximations from Russia to include in its annual report of world production of gold.

Mr. President, the Secretary of the Treasury on December 13, 1939, reported to the House Appropriations Committee—hearings, page 10—that he has a research staff of 66 persons, which he has built up during the past few years. And he has 64 other assistants assigned to the Secretary's office. Congress has liberally provided him with able and expensive helpers and researchers. Yet the Secretary of the Treasury "ever since he has been in office" does not know where to look for information on Russia's gold production. And, I presume, his research staff is equally helpless in the matter, since he does not have the information.

Well, Mr. President, since I have no expensive research staff, being only a country banker, I do not go to the Bank for International Settlements hunting for information. I admit I may be old-fashioned, but I am willing to use as my source an annual publication which has for years enjoyed the respect of researchers.

I have here a copy of a little black book [exhibiting] which comes out of the Government Printing Office, and which, let it be noted, is published in the Treasury itself.

I refer to the annual report of the Director of the Mint, the issue of 1939. It is called Treasury Department Document No. 3103, and on page 14 carries the printed signature of Hon. Henry Morgenthau, Jr., Secretary of the Treasury.

It must be that he has never seen it. So I wish to call the Secretary's attention to page 103 of that well-known report, giving statistics on Russia's gold production in the calendar year 1938, ridiculous as it may appear.

In my speech which the Secretary criticizes I stated Russia's gold production to be \$175,000,000. Being only a country banker, I was perhaps too inexact in my remarks of January 27.

What does the mint report say about Russia's gold production? It makes no reference to the Bank for International Settlements. It says nothing about the difficulties which have confronted the Secretary of the Treasury in finding information since he assumed his present office some years ago. It simply gives the figures.

In 1938, says our Mint Bureau, Russia produced 5,235,909 ounces of gold, and at our price of \$35 an ounce the mint calculates its value at \$183,256,815—not \$175,000,000; not \$183,000,000 but \$183,256,815.

Russia benefits much more from our gold policy than my January 27 speech indicated. I greatly understated the case.

Mr. President, am I not ridiculous?

Or is it the mint which is ridiculous? Is it perhaps the Bureau of the Mint which erred in reporting Russia's gold production, when the able Director of the Mint, Mrs. Nellie Tayloe Ross, had only to walk down the hall to learn from

the Secretary of the Treasury himself that "there ain't no such animal"?

Mr. President, I am really glad that the Secretary of the Treasury has had his attention called to the gold and silver problem of this country by the reporters who cover the Treasury. For I say to him and to you, when the United States holds the largest stocks of gold and silver ever accumulated by any government in the history of mankind and keeps on buying them at high and artificial prices, then that is ridiculous.

When we have a law requiring the purchase of foreign silver with absolutely no determinable end to the purchases, when 40 percent of the huge New Deal silver purchases is at present held idle in the Treasury because there is absolutely no need for it, then that is ridiculous.

When the price of silver is dropping and no one wants the metal and our Treasury steps in and pegs the market, as it did last summer and on numerous other occasions, thereby forcing itself to pay more for foreign silver than the metal can be had for, then that is ridiculous.

When no other country will buy the flood of gold and silver, and we alone stand dumbly in the breach and pay good American dollars for it all, then that is ridiculous.

When the Secretary of the Treasury, as manager of the stabilization fund, sells silver to himself as manager of the general fund, marks up the price in the process, and then announces that the stabilization fund has made a profit, that is ridiculous.

When we have more than \$5,500,000,000 of excess reserves and the Federal Reserve System is powerless, as it tells us, to prevent a wild inflation, and yet we keep on adding to those excess reserves by purchasing unwanted foreign gold and silver at fancy prices, then that is ridiculous.

When, according to Treasury statistics, more than 32,000 ocean vessels and more than 1,600,000 freight cars cannot carry away enough real American wealth to pay for a single year's purchases of unneeded and unresalable foreign gold and silver, then that is ridiculous.

Mr. President, I could go on almost indefinitely citing the ridiculous features of our present gold and silver policies. Senators who are interested in more of these facts may find them in my speech printed in the CONGRESSIONAL RECORD of January 29, 1940, on pages 1191 to 1193, and in the Banking and Currency Committee's hearings last year on my bill, S. 785, to repeal the Silver Purchase Act of 1934.

I assure the Senate that the present gold and silver policies cannot endure, and the sooner we face the problem, the less will be the ultimate cost of repairing the damage and loss those policies have already occasioned.

I ask consent, Mr. President, that there be printed in the CONGRESSIONAL RECORD at this point a table prepared for me by the Director of the Bureau of Foreign and Domestic Commerce, from official customs figures, showing how this country week after week has been buying gold and silver it has utterly no need for.

The PRESIDING OFFICER. Without objection, it is so ordered.

The table referred to is as follows:

Imports of gold and silver into the United States, by weeks, 1939-40

| GOLD          |                      |             |                                |                  |
|---------------|----------------------|-------------|--------------------------------|------------------|
| Week ended—   | Bullion <sup>1</sup> |             | Coin <sup>2</sup><br>(dollars) | Total<br>dollars |
|               | Ounces               | Dollars     |                                |                  |
| Jan. 6, 1939  | 1,373,711            | 47,955,815  |                                | 47,955,815       |
| Jan. 13, 1939 | 1,069,389            | 37,411,715  |                                | 37,411,715       |
| Jan. 20, 1939 | 955,960              | 33,320,087  | 1,180                          | 33,321,267       |
| Jan. 27, 1939 | 726,627              | 25,400,920  | 400                            | 25,401,320       |
| Feb. 3, 1939  | 628,433              | 21,844,017  |                                | 21,844,017       |
| Feb. 10, 1939 | 2,383,047            | 83,336,565  | 1,817,689                      | 85,154,254       |
| Feb. 17, 1939 | 2,100,759            | 73,504,353  | 4,024                          | 73,508,377       |
| Feb. 24, 1939 | 918,565              | 32,017,662  |                                | 32,017,662       |
| Mar. 3, 1939  | 1,094,873            | 38,299,102  | 5,899                          | 38,305,001       |
| Mar. 10, 1939 | 1,632,405            | 57,075,282  |                                | 57,075,282       |
| Mar. 17, 1939 | 1,491,572            | 52,144,490  | 5,520                          | 52,150,010       |
| Mar. 24, 1939 | 1,521,964            | 53,009,248  | 15                             | 53,009,263       |
| Mar. 31, 1939 | 5,477,139            | 191,663,974 | 842,253                        | 192,506,227      |
| Apr. 7, 1939  | 3,734,505            | 130,703,428 | 752                            | 130,704,180      |

<sup>1</sup> Ore and base bullion and refined bullion.

<sup>2</sup> United States and foreign coin.

Imports of gold and silver into the United States, by weeks, 1939-40—Continued

| Week ended—    | Bullion   |             | Coin<br>(dollars) | Total<br>dollars |
|----------------|-----------|-------------|-------------------|------------------|
|                | Ounces    | Dollars     |                   |                  |
|                |           |             |                   |                  |
| Apr. 14, 1939  | 3,873,716 | 135,519,339 |                   | 135,519,339      |
| Apr. 21, 1939  | 2,942,848 | 102,956,723 | 6,122             | 102,962,845      |
| Apr. 28, 1939  | 6,424,209 | 224,883,752 |                   | 224,883,752      |
| May 5, 1939    | 2,527,551 | 88,459,609  |                   | 88,459,609       |
| May 12, 1939   | 4,578,773 | 160,220,216 | 98,877            | 160,319,093      |
| May 19, 1939   | 2,472,565 | 86,365,218  |                   | 86,365,218       |
| May 26, 1939   | 2,470,681 | 86,385,350  |                   | 86,385,350       |
| June 2, 1939   | 797,935   | 27,919,957  |                   | 27,919,957       |
| June 9, 1939   | 2,053,820 | 71,787,167  | 234               | 71,787,401       |
| June 16, 1939  | 637,767   | 22,147,027  | 16,994            | 22,164,021       |
| June 23, 1939  | 1,732,323 | 60,602,435  |                   | 60,602,435       |
| June 30, 1939  | 2,227,959 | 77,844,359  |                   | 77,844,359       |
| July 7, 1939   | 1,131,435 | 39,593,030  | 2,600             | 39,595,630       |
| July 14, 1939  | 2,372,855 | 82,865,298  | 1,647,834         | 84,513,132       |
| July 21, 1939  | 2,525,590 | 88,383,165  | 15,655            | 88,398,820       |
| July 28, 1939  | 1,183,329 | 41,340,323  |                   | 41,340,323       |
| Aug. 4, 1939   | 1,743,145 | 60,942,950  |                   | 60,942,950       |
| Aug. 11, 1939  | 689,357   | 23,931,006  |                   | 23,931,006       |
| Aug. 18, 1939  | 1,449,981 | 50,712,187  | 11,636            | 50,723,823       |
| Aug. 25, 1939  | 1,880,405 | 65,711,084  |                   | 65,711,084       |
| Sept. 1, 1939  | 3,050,834 | 106,900,112 | 10,925            | 106,911,037      |
| Sept. 8, 1939  | 3,715,972 | 129,919,218 | 2,613             | 129,921,831      |
| Sept. 15, 1939 | 3,322,966 | 116,005,612 | 3,370             | 116,009,982      |
| Sept. 22, 1939 | 1,055,946 | 36,917,681  | 48,914            | 36,966,595       |
| Sept. 29, 1939 | 492,058   | 17,167,616  | 96,008            | 17,263,624       |
| Oct. 6, 1939   | 506,026   | 17,638,074  | 80,874            | 17,718,948       |
| Oct. 13, 1939  | 336,458   | 11,684,422  | 164,808           | 11,849,230       |
| Oct. 20, 1939  | 315,953   | 11,078,749  |                   | 11,078,749       |
| Oct. 27, 1939  | 443,430   | 15,433,803  | 8,119             | 15,441,922       |
| Nov. 3, 1939   | 570,851   | 19,856,631  | 120,461           | 19,977,092       |
| Nov. 8, 1939   | 759,893   | 26,540,509  | 517,202           | 27,057,711       |
| Nov. 15, 1939  | 853,150   | 29,755,769  | 4,697             | 29,760,466       |
| Nov. 22, 1939  | 365,203   | 12,740,885  | 65,918            | 12,806,803       |
| Nov. 29, 1939  | 2,681,766 | 93,758,534  | 12,640            | 93,771,174       |
| Dec. 6, 1939   | 4,062,703 | 141,989,173 | 7,661             | 141,996,834      |
| Dec. 13, 1939  | 729,111   | 25,412,801  | 16,991            | 25,429,792       |
| Dec. 20, 1939  | 5,544,392 | 193,781,466 | 130,427           | 193,911,893      |
| Dec. 27, 1939  | 1,383,247 | 48,155,791  | 23,000            | 48,178,791       |
| Jan. 3, 1940   | 1,650,224 | 57,607,107  | 61,513            | 57,668,620       |
| Jan. 10, 1940  | 1,931,969 | 67,133,198  | 35,589            | 67,168,787       |
| Jan. 17, 1940  | 1,655,420 | 57,860,301  | 32                | 57,860,333       |
| Jan. 24, 1940  | 1,331,677 | 46,502,590  | 33,157            | 46,535,747       |

#### SILVER

|                |            |           |           |           |
|----------------|------------|-----------|-----------|-----------|
| Jan. 6, 1939   | 13,767,447 | 5,916,745 | 3,866     | 5,920,611 |
| Jan. 13, 1939  | 3,662,089  | 1,537,817 | 14,425    | 1,552,242 |
| Jan. 20, 1939  | 2,359,290  | 1,008,281 | 5,612     | 1,013,893 |
| Jan. 27, 1939  | 3,818,147  | 1,596,162 | 7,858     | 1,604,020 |
| Feb. 3, 1939   | 2,057,526  | 879,769   | 1,726,496 | 2,606,265 |
| Feb. 10, 1939  | 13,827,444 | 5,932,915 | 5,306     | 5,938,221 |
| Feb. 17, 1939  | 3,209,374  | 1,398,628 | 2,091     | 1,400,719 |
| Feb. 24, 1939  | 3,296,196  | 1,389,462 | 3,678     | 1,393,140 |
| Mar. 3, 1939   | 4,027,512  | 1,702,872 | 1,692     | 1,704,564 |
| Mar. 10, 1939  | 3,685,177  | 1,562,830 | 1,671     | 1,564,501 |
| Mar. 17, 1939  | 2,157,079  | 909,442   | 3,362     | 912,804   |
| Mar. 24, 1939  | 3,439,562  | 1,451,630 | 1,965     | 1,453,595 |
| Mar. 31, 1939  | 5,806,430  | 2,475,036 | 2,427     | 2,477,463 |
| Apr. 7, 1939   | 3,780,817  | 1,619,336 | 4,030     | 1,623,366 |
| Apr. 14, 1939  | 3,918,614  | 1,676,164 | 6,677     | 1,682,841 |
| Apr. 21, 1939  | 4,532,076  | 1,926,384 | 8,427     | 1,934,811 |
| Apr. 28, 1939  | 3,536,040  | 1,508,242 | 3,327     | 1,511,569 |
| May 5, 1939    | 2,497,247  | 1,056,249 | 2,291     | 1,058,540 |
| May 12, 1939   | 3,629,146  | 1,556,549 | 2,023     | 1,558,572 |
| May 19, 1939   | 2,345,467  | 906,167   | 4,443     | 1,000,610 |
| May 26, 1939   | 3,531,542  | 1,506,168 | 3,583     | 1,509,751 |
| June 2, 1939   | 3,846,082  | 1,631,499 | 11,031    | 1,642,530 |
| June 9, 1939   | 5,623,675  | 2,399,046 | 5,323,142 | 7,722,188 |
| June 16, 1939  | 3,528,495  | 1,502,590 | 4,154     | 1,506,744 |
| June 23, 1939  | 6,276,095  | 2,704,744 | 2,554     | 2,707,298 |
| June 30, 1939  | 6,164,247  | 2,602,777 | 2,546     | 2,605,323 |
| July 7, 1939   | 2,868,369  | 1,156,537 | 4,734     | 1,161,291 |
| July 14, 1939  | 3,554,793  | 1,417,923 | 3,044     | 1,420,967 |
| July 21, 1939  | 3,585,695  | 1,384,166 | 37,171    | 1,421,337 |
| July 28, 1939  | 3,199,850  | 1,230,887 | 1,150     | 1,232,036 |
| Aug. 4, 1939   | 2,133,325  | 815,971   | 9,798     | 825,769   |
| Aug. 11, 1939  | 2,849,808  | 1,019,107 | 12,405    | 1,031,512 |
| Aug. 18, 1939  | 1,933,842  | 703,032   | 4,929     | 707,961   |
| Aug. 25, 1939  | 3,344,561  | 1,210,520 | 7,437     | 1,217,957 |
| Sept. 1, 1939  | 2,532,694  | 950,201   | 50,109    | 1,000,307 |
| Sept. 8, 1939  | 2,824,031  | 1,050,401 | 25,641    | 1,076,042 |
| Sept. 15, 1939 | 2,819,523  | 1,016,792 | 10,570    | 1,027,362 |
| Sept. 22, 1939 | 3,505,645  | 1,296,385 | 1,868     | 1,298,253 |
| Sept. 29, 1939 | 2,767,487  | 1,074,343 | 763       | 1,075,103 |
| Oct. 6, 1939   | 3,063,121  | 1,128,504 | 11,635    | 1,140,139 |
| Oct. 13, 1939  | 1,704,513  | 651,330   | 5,232     | 656,562   |
| Oct. 20, 1939  | 2,886,509  | 1,052,165 | 3,210     | 1,055,375 |
| Oct. 27, 1939  | 2,658,653  | 984,728   | 544       | 985,272   |
| Nov. 3, 1939   | 9,840,532  | 3,511,350 | 2,161     | 3,513,511 |
| Nov. 10, 1939  | 2,946,009  | 1,068,357 | 1,742     | 1,069,099 |
| Nov. 17, 1939  | 2,324,967  | 839,857   | 43,485    | 883,342   |
| Nov. 24, 1939  | 2,229,578  | 782,626   | 1,497     | 784,123   |
| Nov. 30, 1939  | 3,682,877  | 1,289,400 |           | 1,289,400 |
| Dec. 6, 1939   | 1,632,359  | 580,146   | 400       | 580,546   |
| Dec. 13, 1939  | 2,609,522  | 917,045   | 282       | 917,327   |
| Dec. 20, 1939  | 2,900,303  | 1,018,982 |           | 1,018,982 |
| Dec. 27, 1939  | 2,903,115  | 1,011,815 |           | 1,011,815 |
| Jan. 3, 1940   | 3,070,076  | 1,076,041 | 700       | 1,076,741 |
| Jan. 10, 1940  | 3,245,430  | 1,147,245 | 2,298     | 1,149,543 |
| Jan. 17, 1940  | 3,286,188  | 1,144,943 | 234       | 1,145,177 |
| Jan. 24, 1940  | 5,091,638  | 1,754,963 | 500       | 1,755,463 |

Source: Bureau of Foreign and Domestic Commerce, Jan. 31, 1940.



Gold movements between the United States and foreign countries—Exports, imports, and earmarking operations, by months, 1939, and by weeks, 1940

[In thousands of dollars]

| Month or week  | Exports | Imports   | Net imports | Net gain (+) or loss (−) through earmarking operations | Net inflow of gold |
|----------------|---------|-----------|-------------|--|--------------------|
| 1939           |         |           |             |  |                    |
| January.....   | 81      | 156,427   | 156,346     | +14,106  | 170,452            |
| February.....  | 15      | 223,296   | 223,281     | −48,553  | 174,728            |
| March.....     | 53      | 365,436   | 365,383     | +10,720  | 376,103            |
| April.....     | 231     | 606,027   | 605,796     | −114,842   | 490,954            |
| May.....       | 36      | 429,440   | 429,404     | −251,579   | 177,825            |
| June.....      | 19      | 240,450   | 240,431     | −102,596   | 137,835            |
| July.....      | 9       | 278,645   | 278,636     | −166,212   | 112,424            |
| August.....    | 13      | 259,934   | 259,921     | +152,125   | 412,046            |
| September..... | 15      | 326,089   | 326,074     | +2,836   | 328,910            |
| October.....   | 15      | 69,740    | 69,725      | +79,516  | 149,241            |
| November.....  | 10      | 167,991   | 167,981     | +90,873  | 258,854            |
| December.....  | 11      | 451,183   | 451,172     | −200,811   | 250,361            |
| Total.....     | 508     | 3,574,658 | 3,574,150   | −534,417   | 3,039,733          |
| 1940           |         |           |             |  |                    |
| Jan. 3.....    | 2       | 57,669    | 57,667      | −14,374  | 43,293             |
| Jan. 10.....   | 3       | 67,169    | 67,166      | +13,116  | 80,282             |
| Jan. 17.....   | 15      | 57,860    | 57,845      | −11,770  | 46,075             |
| Jan. 24.....   |         | 46,536    | 46,536      | +23,264  | 69,800             |

Source: Bureau of Foreign and Domestic Commerce, Jan. 31, 1940.

Mr. TOWNSEND. Also I ask to have printed in the Record a table, Selected Gold Production Costs, which I have prepared, showing the low cost of gold production abroad compared with the high price we are paying for the metal.

The PRESIDING OFFICER. Without objection, it is so ordered.

The table referred to is as follows:

Selected gold-production costs as shown by John J. Croston in the article, *World Gold Production Costs*, in the *Mining Journal* (London), Oct. 22, 1938 (pp. 966-970)

| Mine or field                           | Year ended<br>Dec. 31— | Production costs per ounce<br>before charges or taxes |                     |    |       |
|---|------------------------|---|---------------------|----|-------|
|   |                        | Sterling  | Dollar <sup>1</sup> |    |       |
| Europe:                                 |                        | £   | s.                  | d. |       |
| Sweden: Boliden.....                    | 1937                   | 11  | 19                  | 1  | 9.65  |
| Do.....                                 | 1936                   | 12  | 7                   | 0  | 11.68 |
| Rumania: Mica (12 apostles).....        | 1937                   | 13  | 16                  | 3  | 18.83 |
| Do.....                                 | 1936                   | 13  | 10                  | 8  | 17.56 |
| France: Salzgne.....                    | 1937                   | 14  | 14                  | 0  | 23.22 |
| Yugoslavia: Trosnyk.....                | 1937 <sup>7</sup>      | 4   | 13                  | 3  | 23.03 |
| Rhodesia: Globe and Phoenix.....        | 1937                   | 12  | 8                   | 1  | 11.88 |
| Do.....                                 | 1936                   | 12  | 5                   | 9  | 11.37 |
| Transvaal:                              |                        |   |                     |    |       |
| Crown <sup>9</sup> .....                | 1937                   | 3   | 18                  | 8  | 19.43 |
| Do.....                                 | 1936                   | 3   | 16                  | 10 | 19.09 |
| Sub Nigel.....                          | 1937 <sup>10</sup>     | 2   | 5                   | 7  | 11.26 |
| Rand Field total.....                   | 1937                   | 4   | 3                   | 11 | 20.73 |
| Do.....                                 | 1936                   | 4   | 1                   | 6  | 20.25 |
| Gold Coast: Ashanti <sup>11</sup> ..... | 1937                   | 1   | 12                  | 1  | 7.92  |
| Belgian Congo: Belgikaor.....           | 1936                   | 2   | 11                  | 9  | 12.86 |

<sup>1</sup> Pound sterling converted at \$4.97 for 1936 and \$4.94 for 1937.

<sup>2</sup> Costs are merely estimates based upon reported profits, charges, and taxes. They therefore credit production of 550,780 ounces silver; 5,942 long tons electro-copper; 65,805 long tons pyrites, as well as large tonnages of sulfur and arsenic.

<sup>3</sup> Estimated on a similar basis to that described in footnote 2 and crediting 588,299 ounces silver; 6,639 long tons electro-copper; 37,488 long tons pyrites; 19,306 long tons sulfur, and a large tonnage of arsenic.

<sup>4</sup> Not crediting 72,721 ounces silver; pyrites or coal sales.

<sup>5</sup> Not crediting 68,089 ounces silver; 3,448 long tons pyrites and approximately 3,000 tons coal sold.

<sup>6</sup> Costs are merely estimates based upon reported profits, charges, and taxes. They therefore credit production of 118,402 ounces silver; 430 long tons copper, as well as arsenic and bismuth. Period covered is year ended June 30, 1937.

<sup>7</sup> Period covered is year ended Mar. 31, 1937.

<sup>8</sup> Based on total output.

<sup>9</sup> This is the largest Transvaal producer.

<sup>10</sup> Period covered is year ended June 30, 1937.

<sup>11</sup> This is the largest Gold Coast producer.

Mr. BARKLEY. Mr. President, I wish to comment very briefly upon the address made by the Senator from Delaware [Mr. TOWNSEND] in the Senate today and also the speech he delivered a few days ago before the Del-Mar-Va Press Association.

Mr. President, I realize the interest the Senator from Delaware and all other Senators and, indeed, all other people pos-

sessing any information on the subject have in the question of the purchase of gold on the part of the United States and likewise the purchase of silver, which is a subject in which the Senator from Delaware is equally interested.

I got the impression from the news reports of the Senator's speech that he was criticizing this country for buying gold produced in Russia, because it was an aid to Russia, and anything that we might do that aided Russia was automatically an injury to Finland. I appreciate the Senator's interest in Finland and his desire to aid Finland in some way, even if it be only by withdrawing any possible or theoretical aid to Russia growing out of the purchase of gold. The Senate will have an opportunity at an early date, I hope, to pass on the question of whatever aid we can render to Finland, and I am sure the Senator from Delaware will continue to manifest his great interest in Finland when that proposed legislation reaches the floor of the Senate.

The impression might have been created that we are merely going out deliberately and buying gold from Russia and that we are engaged in a sort of indiscriminate philanthropy because of that. I am not going into the discussion of the wisdom of any further accumulation of gold on the part of the United States, but we do know that gold arrives here largely because of international trade. It comes here in payment for goods and services rendered by the people of the United States to the country which sends it here or the country which produces it, which may not always be the country which exports it into the United States.

Inasmuch as our imports are restricted, and there is a disposition in some quarters to restrict our imports still further, if we are to sell our own surpluses in the markets of the world the only way in which they can be paid for is either in money or in services of some sort. Inasmuch as we have a favorable balance of trade—by which I mean, of course, that we sell to the world more than we buy—insofar as we restrict their ability to pay for those goods by the importation of goods, and insofar as they are unable to pay for them by any services which they render, we are bound either to take payment in gold or to cease the sale of our surplus commodities to the nations of the world.

It would be of no particular damage to Russia, and no conceivable benefit to Finland, if we should cease altogether to receive gold produced in Russia, because the price which we are paying for gold is approximately the price that is being paid in many other parts of the world; and Russia could sell her gold to these other nations. It would lose its identity in transformation and in the exchange of commodities, so that we would not always know whether we were receiving, even from other countries, gold produced in Russia or Japan, inasmuch as the Senator referred to our purchase of gold and silver from Japan with the same implication—that we were thereby, if not intentionally at least in effect, aiding Russia and Japan to the injury of Finland and China. So it would not benefit either China or Finland for us to cease buying either gold or silver in exchange for our commodities, or for services that we render in the ordinary transactions of international trade and commerce.

Of course, we all know that we have accumulated in this country a very large supply of gold—more, I suppose, than any nation in history ever owned at any one time—not all of it the property of the Government, by the way. What is ultimately to become of that gold, and what use may be made of it, are matters which are open to discussion. There are numerous theories on the subject, and I am not going into any of them at this time; but I do wish to say that insofar as the direct or indirect receipt of gold by the United States from Russia or Japan or any other country is a distinct injury to the democracies—that was the theory I got in reading the newspaper reports of the Senator's speech, that it was a criticism of our policy because it was a distinct injury to China, which is battling for her life, and Finland, which is battling for her life, and a distinct benefit to Russia and Japan because of that fact—the very same gold that comes directly from Russia or Japan, the very same silver that reaches our ports or our vaults, might reach them in any other way by a

more indirect route, but they would reach us just the same, because they come in as a part of the international set-up around commerce, trade, and services and all the things that go to make international balances.

Mr. TOWNSEND. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. TOWNSEND. I think the Senator is correct; we cannot distinguish where the gold or the silver come from. I agree with him fully as to that; but if he will read my speech, he will see that I used Russia and Japan as illustrations. I was referring to the policy of our country in continuing to buy gold and silver at present artificially high prices from all governments everywhere. That was my theory.

Mr. BARKLEY. Of course, the Senator knows that the Government of the United States is not buying as a government from other governments as governments all the gold which they produce. Gold arrives here in payment for things which other countries obtain from us, and it is purchased by the Government of the United States under the Gold Reserve Act, which was passed in 1933, I believe. While the wisdom of that policy is a matter about which men will debate, and the final use to which that gold will be put is a matter about which men will differ, it is my settled opinion now that if we were suddenly to cease the purchase of gold by the Treasury of the United States under the policy now in vogue it would so upset the entire international trade situation as to bring possible disaster not only upon other countries but upon ourselves and our own economy as well. That, however, is a subject which lends itself to controversy and long debate, and I do not now desire to indulge in any long discussion of the matter.

Mr. TOWNSEND. Mr. President, will the Senator yield at that point?

Mr. BARKLEY. I yield.

Mr. TOWNSEND. I agree with the Senator in many of his arguments; but this country now has 64 percent of all the gold in the world, and it is coming in at a rapid rate, and soon we shall have all the gold in the world if we continue to pay this extravagant price. I am not advocating the entire discontinuance of the purchase of gold, but I am advocating that the Congress study the problem and find the solution which will help this country most.

Mr. BARKLEY. Of course, I am sympathetic with the suggestion that Congress study the problem, and I think we are studying it. We are studying it individually, and the Committee on Banking and Currency, of which the Senator from Delaware is a member, has been authorized by the Senate to make a special study of all our monetary problems and is setting about to lay the foundation to make such a study. What that study will result in I am not at this time enough of a prophet to foresee.

Mr. AUSTIN. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield to the Senator from Vermont.

Mr. AUSTIN. I wonder if the Senator can tell us what the state of that committee is today. Is there anything more than a chairman of it?

Mr. BARKLEY. Why, yes. The whole committee is occupying a very live and active status. I will say to the Senator that in the committee only a week or so ago the matter came up, and it has come up on almost every occasion when the committee has been in session. The question arose as to whether the committee should immediately begin to hold hearings by promiscuously inviting men who have any views on the monetary question—and the Senator knows how numerous are the views held by numerous persons in this country—to come to the Capital and give their views to the committee; or whether the committee should first lay the foundation for its investigation by calling upon the departments of the Government which deal with the question, including the Comptroller of the Currency, the Federal Reserve bank authorities, the Federal Reserve Board, the Treasury, the Reconstruction Finance Corporation, and all other agencies which may deal with the question of our monetary policy, to submit to the committee facts with reference to it in order that the committee might first study those facts

and, based upon those facts, decide to what extent it would have public hearings on the subject of our monetary policy.

Mr. AUSTIN. Mr. President, will the Senator yield for another question?

Mr. BARKLEY. Yes; I yield.

Mr. AUSTIN. I am seeking information, because not more than 2 weeks ago my office made inquiries about the special committee, and was informed that there was not any such thing excepting a chairman. I should like to ask the Senator when the committee was made up; when its membership was filled.

Mr. BARKLEY. Of course, the Senator will recall that the resolution authorizing the investigation authorized the entire Banking and Currency Committee to make the investigation. No subcommittee was appointed to go into the matter, and I do not think a subcommittee has as yet been appointed to make the specific study; but by a very large majority of votes in the committee a week or 10 days ago it was decided to call upon these agencies first for information that might be studied, and then further action would be taken toward any hearings that might be thought wise as a result of the information gathered.

Mr. AUSTIN. Mr. President, will the Senator permit another question?

Mr. BARKLEY. Yes; I yield.

Mr. AUSTIN. Does the Senator believe that the standing committee will continue to act, or does he believe that there will be a special committee?

Mr. BARKLEY. When the information and reports come in, if the circumstances seem to justify it, I am sure the committee will decide to select a smaller subcommittee to go into the facts and to hold the hearings; but I cannot prophesy about the matter until that time arrives.

Mr. President, I wish to have inserted in the RECORD at this point certain excerpts from a lengthy letter of the Secretary of the Treasury addressed to the Senator from New York [Mr. WAGNER], dated March 22, 1939, in reply to a letter written to the Secretary of the Treasury by the Senator from New York [Mr. WAGNER] on March 14, 1939, in which the Senator asks certain specific questions with reference to our gold purchases and our gold supply. I also ask—I have them marked here, and will indicate them to the reporter—that certain excerpts from a letter written by the Secretary of the Treasury to the Senator from Michigan [Mr. VANDENBERG] on October 24, 1939, be printed in the RECORD. The Secretary of the Treasury replied to a letter written to him by the Senator from Michigan on October 17 of the same year.

I ask unanimous consent that in connection with my remarks I may include in the RECORD certain excerpts which I have indicated from these letters.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

MY DEAR SENATOR:

MARCH 22, 1939.

3. Why has so much gold come to the United States in the past 5 years?

Gold comes into the United States in settlement of the balance of international payments arising out of all transactions between the United States and all foreign countries. These international transactions include exports, imports, shipping services, tourists' expenditures, capital movements, interest payments, etc. When the demand for dollar exchange increases more rapidly than the supply of dollar exchange resulting from these transactions, the price of dollar exchange on the foreign exchange market rises. It may rise to a rate at which it becomes profitable for bankers and dealers, foreign and American, to ship gold to the United States, sell the gold to the Treasury for dollars, and then sell these dollars on the foreign exchange market.

Therefore, to answer the question why large amounts of gold flow to the United States it is necessary only to explain why United States dollar exchange is so much in demand.

A survey of our balance of payments for the last few years reveals at once that the greatly increased demand for dollar exchange which has taken place during the past 5 years is largely a consequence of the huge flow of capital to the United States and, more recently, of the large favorable trade balance. None of the other categories of items in our international transactions can be held responsible for the substantial net increase in the demand for dollar exchange



during this period. In fact, for several important categories the net demand for dollar exchange decreased. It is the flow of capital to this country, particularly before 1938, upon which our attention must be focused if we are to understand the chief reason for the large gold inflow.

The following figures show the contrast between the large recorded inflow of capital in the past 5 years and persistent and large outflow of capital in the years preceding:

| Outflow   |               |
|-----------|---------------|
| 1928----- | \$850,000,000 |
| 1929----- | 217,000,000   |
| 1930----- | 752,000,000   |
| 1931----- | 490,000,000   |
| 1932----- | 192,000,000   |
| 1933----- | 336,000,000   |
| Inflow    |               |
| 1934----- | \$386,000,000 |
| 1935----- | 1,537,000,000 |
| 1936----- | 1,141,000,000 |
| 1937----- | 800,000,000   |
| 1938----- | 369,000,000   |

The capital inflow in the years from 1935 through 1937 was the major factor responsible for the inflow of gold, for it amounted in total to \$3,500,000,000, or 86 percent of the value of gold imported during that period.

The trade item did not become important from the point of view of gold inflows until the last quarter of 1937. From 1934 to 1937 the excess of our exports over imports averaged only \$250,000,000 a year. (Incidentally, if silver imports were included in our merchandise imports, which is the procedure followed by many countries in the world, our excess of exports over imports would have amounted to only \$80,000,000 a year in this period.) In 1938, however, the favorable trade balance greatly increased and was the dominant factor inducing the large flow of gold into the United States. The excess of exports over imports totaled \$1,134,000,000—the largest we have had in 17 years. This increased "favorable" balance of trade, together with other items, was responsible for the net inflow in that year of \$1,600,000,000 of gold.

Thus it is evident that because there was a large inflow of capital in recent years and in 1938 a large excess of exports over imports there was a great increase in the net demand for dollar exchange; and because of this large increase in the net demand for dollars there was a large inflow of gold. Therefore, in the final analysis, your question, "Why has so much gold come into the United States?" reduces itself to the questions, "Why did so much capital come to this country during the past 5 years?" and "Why did we have so large a 'favorable' trade balance in 1938?"

The answer to the first of these two questions, together with a description of the kinds of capital coming here, was given in some detail in my letter to Senator VANDENBERG of September 22, 1936, a copy of which is enclosed for your convenience.

In section 3 of that letter the causes of capital imports into the United States are set forth as follows:

"(a) Capital withdrawn from abroad by American owners because of the greater security or the more attractive field for investment offered the capital at home. The return of these funds to the United States—much of which left the country in 1930, 1931, and 1932—is, of course, an indication of the relative strength of our recovery and of the prevailing confidence in the future of American industry and American financial institutions.

"(b) Funds sent to this country by foreigners who likewise felt that American securities offered a more attractive or more secure investment opportunity than did investments available to them elsewhere.

"(c) Repurchase by foreigners of some of the foreign securities which Americans had purchased during the post-war decade and were now glad to get rid of even at low prices. This was particularly true of the securities of certain countries where nominal high exchange rates were coupled with devices whereby the nationals of these countries were encouraged to repatriate these securities at an exchange profit to themselves, or where maintenance of debt service was provided for only internally but not for foreign holders.

"(d) Need created by increasing foreign trade for larger working dollar balances to be kept in American banks by foreign banks and traders. Our international trade during 1934 and 1935 increased by one-third over the 2 years previous. It is to be expected that this greater volume of foreign trade transactions would call for larger working dollar balances.

"(e) Fear prevailing in some countries abroad of confiscation of property or of loss through inflation of their local currencies led during this period to a flight of capital from some of the countries whose economic and political situations have been threatened by disturbances with which you are doubtless familiar.

"(f) Lastly, funds sent to this country by speculators in the hope or expectation that an exchange profit will be possible if and when the currencies of their countries become depreciated in terms of the dollar.

"These are the causes which account for most of the capital inflows. Yet these capital inflows would not have resulted in such large sums being due to the United States were it not for the virtual cessation of foreign investments by Americans. Whereas in the years prior to the depression, annual foreign investments by Americans of more than a billion dollars were common, since 1931 the annual sums invested abroad have been negligible; nor does it appear that the United States will approach in the near future the predepression volume of foreign investment."

Since the above was written (September 1936), nothing has occurred to alter substantially the trend of capital movements or the reasons for them. With the exception of one 9-month period, capital has continued to flow to the United States in large volume. During that 9-month period, October 1937 to June 1938, there was a net outflow of short-term capital of over \$1,000,000,000, but the flow was reversed during the fall of 1938, and more than a billion of short-term capital has since come to the United States.

Capital will continue to flow into the United States in large amounts so long as—

(a) the opportunities for secure and profitable investment in foreign countries are not great enough to attract American capital abroad;

(b) the prospects of continued recovery here appear satisfactory to foreigners;

(c) the political situation abroad remains disturbed; and

(d) there is possibility of further depreciation of some foreign currencies.

Whether the flow of capital into the United States will continue to take the form of gold or whether it will gradually assume the form of goods and services rather than gold depends upon the rapidity with which the mechanism of adjustments of international accounts operates. In earlier decades this adjustment process operated tolerably well and with fair speed to transform international movements of net balances into movements of goods and services. This adjustment process served to keep gold movements between countries relatively small in volume. In recent years, however, this mechanism has operated badly and haltingly. Moreover, it has had to operate under sudden and large capital and trade shifts which differed from those of earlier decades not only in magnitude but in character. To put it graphically, the mechanism of adjustment has had a heavier load to carry, the road has been uphill, and the incline has grown steeper.

The reasons and nature of this change taking place in the effectiveness of the so-called adjustment process of international accounts are matters too technical to warrant discussing in this letter. Suffice to say that because the numerous obstacles to rapid adjustment still prevail in virtually all countries with free exchanges any large movement of capital to the United States in the near future will doubtless take the form largely of an inflow of gold.

The significance of this fact as an explanation of the continuing flow of gold to the United States cannot be emphasized too strongly. As compared with the decades prior to 1930, there are now different relationships between international movements of capital and of gold, changes in domestic price levels, trade changes, contraction and expansion of credit, and changes in the volume of business activity. Realization of this basic economic change is necessary to appreciate the need for treating present-day problems of gold and capital flows quite differently than was appropriate prior to 1929. Monetary experience of those years, particularly in its international aspects, does not suffice for safe guidance for present-day policy.

4. Is it true that gold comes here in large amounts because the Treasury is paying a higher price than other countries for gold, and because it buys gold at a fixed price?

This is a question we frequently hear. Unfortunately it is not wholly clear just what is meant since the phrase a "higher price for gold" may be interpreted in two quite different ways, and the answer to each of the two interpretations would be arrived at through quite different lines of reasoning.

If the question be interpreted to mean that gold comes to the United States in large amounts because we pay a higher price than other countries do in terms of a money price (i. e., in terms of dollars), then the answer is definitely "No." The United States pays the same price for gold, allowing for arbitrage and transportation costs, that any other country does—no more and no less. We do not pay any higher prices for gold than does England or France or Belgium or India.

The price of gold that is permitted to move freely in international channels of trade is, and must be, virtually the same the world over. An Englishman who sells gold in London gets the same return in pounds and shillings for it—with small variations to be explained in a moment—as he would get were he to send the same gold to New York or to Amsterdam, or to Paris or to Bombay, to be sold. Right now, for example, he would get about 148 shillings for an ounce of gold in the London gold market. If he ships that gold and sells it to the United States, he gets \$35 an ounce, less one-fourth of 1 percent. When he converts the dollar proceeds of the sale of that ounce of gold back into sterling and deducts the expenses of shipping, he gets approximately the same amount of sterling as he would have obtained had he sold the gold at home, namely, about 148 shillings. In other words, when a foreigner translates the dollars he gets from the sale of his gold back to his own currency, he finds that the price of gold is almost the same in London, Paris, Amsterdam, or Johannesburg. We pay dollars for gold, England pays sterling, Holland pays guilders, etc., but when conversion from one currency into another is made at the prevailing exchange rates, we find that an ounce of gold brings approximately the same price in one country as in another.

I say approximately the same price. There are slight relative variations in the price as between different countries, variations which inevitably result from changes in the supply of and demand for foreign exchange. Any change, no matter how slight, in the relationship of the supply of foreign exchange to the demand will bring about a change in the price for foreign exchange. The fluctuations of exchange rates, together with the fluctuations in the price of gold in terms of foreign currencies, result in the occurrence of relative differences in the price of gold in different national

money markets when computed in terms of a single currency, but these relative variations can occur only within narrow limits.

These slight relative variations in the price of gold as among various markets which make possible a profit in shipping gold from one country to another would continue whether we paid \$10 an ounce for gold, or \$50, or \$60. Slight variations in the dollar-sterling, dollar-franc, dollar-guilder rates, etc., do give dealers small profits when selling gold in one market rather than another, but those variations operate as among all countries and at all levels of prices for gold; they are not peculiar to the United States alone, nor to the \$35 price for gold. Exactly the same condition prevailed when the price of gold was \$20.67 an ounce and when other countries had a fixed price of gold. It is the normal mechanism which has always prevailed, and must inevitably prevail, so long as gold is the international medium of exchange.

To dispose briefly of another common misconception, it has been sometimes claimed that gold comes here because the United States pays a fixed price for gold, whereas other countries buy gold at varying prices. The mere fact of fixity of the price of gold in terms of any given currency has little to do with the movement of gold. For example, England does not have a fixed price for gold, and yet her net imports of gold in some of the past few years were greater than ours. Belgium has had a fixed price for gold for 2 years, yet her reported gold holdings are no higher now than they were 3 years ago. Moreover, our gold price, although fixed in terms of dollars, is not fixed in terms of other currencies. When, for example, an Englishman sells gold to the United States, the number of dollars he gets may be fixed, but the amount of sterling he gets, if he converts the dollars into sterling, is not fixed; it fluctuates with every change in the sterling-dollar exchange rate. The amount in his own currency which an Englishman or a Frenchman receives when he sells gold is not fixed, whether he sells his gold in New York, London, or Paris.

So far, in answer to this question, the discussion has been based on the interpretation of the phrase "higher price" as meaning a higher monetary price. If, however, the phrase is to be understood to mean—as is doubtless intended by many who put the question—a "higher price" in terms of money but of goods and services, then the question becomes a quite different one. It should then be phrased as follows: "Is it not true that gold comes to the United States in large amounts because we give more goods and services for a dollar (or its monetary equivalent in foreign currencies) than does any other country?"

The answer to this question is likewise "no," though less unqualifiedly so because adequate statistical data for a categorical answer are not available.

The purchasing power of the dollar in the United States in terms of goods can be compared with its purchasing power in other countries only very roughly and only with respect to those goods which do (or easily might) move from country to country. With respect to services comparison of the purchasing power of the dollar in the United States and elsewhere relates chiefly to shipping services and the expenditures by tourists.

Now it is extremely difficult to measure the differences in purchasing power of gold or currency as between different countries even with respect to such goods and services. Fortunately, for the purposes of the question we are examining, no such measurement is necessary. Were it true that an ounce of gold had a significantly higher purchasing power over American internationally traded goods than over foreign goods, indirect but definite evidence would be revealed in our trade figures. Our export excess would have so increased since 1933 that either we would have drained the outside world of all its monetary gold or we would have forced other countries to adopt strict exchange or import controls or much higher tariff schedules. No such developments have occurred. Foreign countries still have large gold holdings, many of them have not significantly heightened their barriers against imports of the world.

Convincing evidence that we do not pay a higher price for gold than do other countries in terms of goods and services is contained in the record of our balance of international payments on current account. For the years 1934 to 1937, inclusive, the balance of payments with respect to the pertinent commodity and service items was in the aggregate unfavorable by \$1,200,000,000, as far as the records show. Unfortunately, however, our international accounts, though more complete and reliable than those of other countries, are still subject to a substantial margin of error. In each year there has been a substantial residual item (i. e., unaccounted for) which during the 4 years in question totaled approximately one and one-half billion dollars due the United States. Some portion of this favorable balance must be allocated to trade and services—how much it is impossible to know. But even if we allocated the whole residual item to commodity and service items—which would be an extravagant allowance—there would result only a small balance due the United States for those items during the 4 years in question—\$400,000,000 for the 4-year period.

This constitutes too small a sum relative to the magnitudes involved in our balance of payments to justify the claim that an ounce of gold can buy more here than elsewhere.

There is little basis, therefore, for the contention that an ounce of gold could in general buy more goods and services in the United States than elsewhere from the year 1934 to 1937, inclusive. Or, to put it in simpler and more accurate terms, the United States did not achieve any special competitive advantage in international markets as a consequence of its external monetary policy. The change in the gold value of the dollar in 1933 merely helped the

United States to regain its earlier position. In 1933 the trade situation appeared to change. We did experience a sharp increase in our trade balance. Exports, as pointed out earlier, exceeded imports in 1933 by some \$800,000,000 more than in 1937. But most of this increase cannot be attributed to any changed relationship of the dollar to other currencies because the exports excess arose from a sharp decrease in imports, and not from an increase in exports. The recession in the United States, more marked and earlier than in other countries, caused a temporary decrease in our purchases from abroad greater than the simultaneous decrease in our exports. This gap may be expected to narrow as recovery proceeds.

The only sense in which it might be said that we give more for gold than other countries is that in addition to \$35 an ounce we also give peace, security, prospects of higher returns on investment, and better speculative opportunities, with the result that foreign capital funds flow here in the shape of gold. It is these values that constitute the chief factor conducive to a flow of gold to the United States.

#### 6. Why doesn't the Treasury stop buying gold?

A simple way of stopping gold from coming into the United States would be for the Treasury to announce to the world that we will not buy any more gold for the time being. But such a step, taken unilaterally, would have disastrous effects on our economy. It would disrupt the foreign exchanges and gold-bullion markets and would very soon cause such drastic disturbances in international trade, and even in the domestic sphere, as seriously to impede the recovery of business.

Present relationships among the various leading currencies would be upset. The dollar probably would appreciate immediately in terms of other leading currencies. At present, when the demand for dollar exchange increases, foreigners need only obtain gold (either at home or on the London market), ship it here and obtain dollars in exchange. Thus an increased demand for dollar exchange relative to the supply is met. If, however, this means of securing dollar exchange were removed, dollars would rise in value indefinitely in terms of other currencies. While it is impossible to know in advance what rates of exchange would finally emerge, we can be certain of at least one thing—that no country would benefit from the ensuing international monetary disruption.

Were the United States, moreover, to declare a complete embargo on gold imports, it might deal a serious blow to the value of gold as a monetary medium. (Such action coming at a period when there was discussion of the possibility of world overabundance of gold might have repercussions which would disturb the public's confidence in the value of gold.) The leading gold-producing areas would be hard hit and some might even be involved in a major economic crisis.

A closely related question that has frequently been asked is: Should not the price of gold be reduced? Is not \$35 an ounce too high a price for gold? Possibly the simplest way to answer this question is to examine the consequences that would ensue from an increase in the gold content of the dollar (or, to phrase it another way, from a decrease in the monetary value of gold).

A reduction by Congress in the monetary value of gold would probably not be as calamitous as a complete embargo. It would limit the extent of possible depreciation of gold (or appreciation of the dollar in terms of foreign currencies) and the psychological disturbance caused by the change would not be as potent, yet it would have disadvantages serious enough to render resort to any such action most unwise. If the reduction made in the price of gold were small, our trade and service balance would not be much affected over the next year or so, nor would the inflow of capital cease. Once the drop in the price of gold was regarded by the rest of the world as definitive, the subsequent effect on capital imports would be virtually nil. Our securities would continue to be bought for the same reasons that they are bought now and dollar balances on foreign account would also continue to increase for the same reasons that they are increasing now.

But were a small decline in the price of gold to be regarded by numerous domestic and foreign investors and exchange speculators as being but the first of a series of drops, the result might well be to attract more, not less, funds to the United States and to intensify the inflow of gold—the very thing it is designed to check. Speculators would rush to buy dollars and hold them here in anticipation of the next appreciation. Thus the effect on capital movements, both long-term and short-term, might more than offset the effect on trade and service items; instead of getting less gold we would find ourselves getting more.

On the other hand, were the monetary value of gold to be cut with one stroke substantially, and definitely—say, for example, to \$25 an ounce—the effect would be quite different from that described above. Such a step might reduce the volume of gold imports and perhaps give rise to an outflow of large dimensions; but the economic effects on our economy of the change in the foreign exchange value of the dollar would be little short of disastrous. The 40-percent increase in the price of American currencies to foreigners would constitute a severe handicap upon our exports. Our exports play a role in the level of business activity much in excess of the magnitudes involved and so great an appreciation of our currency in terms of other currencies would be bound to curtail our exports seriously. In the past 6 months the dollar has appreciated in terms of other leading currencies by some 5 percent and price movements in the various countries have not been such as to offset this competitive disadvantage to us. The



appreciation of the dollar has not been due to a change in the dollar price for gold but rather to a depreciation of foreign currencies in terms of gold. You will note that our exports during January 1939 were more than 40 percent less than they were in January 1938. Although it is too soon to evaluate the full significance of the decline, it is not unreasonable to assume that the less favorable position of the dollar in terms of other currency—that is, higher prices of foreign currencies in terms of gold—contributed to the drop in exports.

Our imports, on the other hand, would, in the event of a reduction in the price of gold to \$25 an ounce, be 30 percent cheaper. Our domestic producers would then be exposed to greatly sharpened competition in the American market from foreign producers both because the prices in dollars of imports would be less and also because the numerous ad valorem duties would constitute smaller protection.

Foreigners would have a greater advantage in this market, but, unfortunately, even this would be of dubious value to them. The ability of Americans to buy goods, whether imports or domestic goods, depends chiefly upon the state of business activity here. It is chiefly for that reason that our imports during the recession of 1938 dropped to almost one-half and that our imports began to increase in the fall of 1938. Thus, though the sharp appreciation of the dollar would make foreign goods cheaper in this country, our imports might actually be less than during the previous period, and instead of benefiting the rest of the world we would be hurting world business as well as our own.

Judging from past experience, we could not expect the prices of domestic commodities and services to move either at home or abroad with sufficient rapidity to adjust quickly and fully to any substantial alteration in exchange rates. For many months, perhaps for years, the economic position of large groups of American producers, including farmers, would be worsened and there would be widespread unemployment. The combined effect on our domestic economy of a sharp drop in exports and of increasing competition in the domestic market would be keenly felt. Domestic prices would begin to fall. Many corporations would suffer loss of business and profits. In times such as the present these short-run effects—and by "short run" we mean from a few months to several years—are of paramount importance. To brush aside, as some are prone to do, these short-run effects on the ground that in the long run appropriate adjustments will take place is to ignore the unstable world in which we live and the real problems which confront us from day to day.

Moreover, were we to reduce the price of gold and were it to result in an outflow of gold, there is no reason to believe that the countries who most need gold would get it. On the contrary, were gold to leave the United States it would probably find a resting place in the very countries whose currencies would for the moment appear most secure. Certainly no gold would flow to Latin American countries in any substantial amount, nor would the Far East or the Balkans obtain more gold. The loss of gold by the United States would not correct the serious maldistribution. It would rather operate only to take away some from the United States which has too much and to add it to the holdings of other countries which likewise have too much.

Thus we are confronted with the fact that though we should like to receive less gold and even to get rid of substantial amounts of the gold we already have, there is, under the existing circumstances, no acceptable alternative to the policy we have been pursuing. In the case of all the proposals we have examined, the remedy has always been worse than the disease. The best way to reduce our gold inflow on commodity and service account is for us to have full recovery so that our imports will rise more rapidly than our exports.

7. Of what use to us is this large stock of gold? Is there any likelihood that we will get so much of the world's gold that we will get stuck with it?

Gold performs two monetary functions. First, it serves as a specie base for the monetary system. Secondly, it serves as the medium for settling international balances. These are distinct and separate functions. The present gold stock of the United States is about \$15,000,000,000. The question you ask, therefore, is, Is \$15,000,000,000 of gold more than enough to accomplish these two functions which gold now performs in our economic system?

It is doubtless true that we have more gold than we need to provide a specie base for our monetary system. Our laws require that a 40-percent reserve in gold certificates be held against Federal Reserve notes in circulation and a 35-percent reserve in gold certificates or lawful money against deposits of Federal Reserve banks. These legal-reserve requirements are based on the assumption that gold-reserve requirements operate as a control of the volume of means of payment, as a protection against excessive issue of notes and expansion of bank credit. At present, however, gold and gold-certificate holdings are so far in excess of these legal requirements that they can hardly be said to constitute a protection against undue expansion of our currency and credit. We now have enough gold to permit an enormous expansion of credit and currency even after generous allowance for the outflow of gold that might accompany such an expansion. Legal-reserve requirements do not of themselves necessarily protect us against an undue expansion of the volume of money and the monetary authorities must be prepared, when and if the occasion arises, to apply appropriate supplementary control. This is especially likely to be true when gold holdings are as great as they now are.

But it is desirable that the reserves be above the minimum required by law. Otherwise, in a period of business recovery the limitations on the expansion of notes and deposits which the gold

reserve would impose would operate to curb the rise in business activity, or an outflow of gold would tend to initiate a contraction of credit, irrespective of the legitimate needs of business. It is clear, therefore, that some excess of gold above the legal minimum is needed to protect our domestic economy against effects of fortuitous inflows and outflows of gold. We now, however, have more gold than is necessary to insure this protection.

The second and more important monetary function of gold is its employment as a means of settling international balances among nations. Gold has been used for this purpose from time immemorial, and modern governments have as yet found no satisfactory substitute; nor is there any sign that a satisfactory substitute will be found in the near future.

Important commercial countries which carry little or no gold stocks have difficulties in settling their international payments. They have to see to it that their imports and exports are maintained in a certain relationship to each other. To achieve that and to keep their foreign-exchange rates from fluctuating wildly they frequently have to maintain strict exchange controls so as to restrict merchandise imports and the movement of capital.

Small countries, which are not precluded by political and prestige considerations from holding their reserves in the form of foreign-exchange assets, can get along more or less satisfactorily without gold. But they can do so only because the countries whose currencies they hold as reserve assets do have large amounts of gold reserves.

Some countries (operating with very little gold or foreign-exchange assets) have been pointed to as illustrations of the phenomenon that countries can carry on foreign trade and settle international transactions without resort to gold, and that gold is rapidly becoming obsolete even for this monetary role. Those who make this claim completely misread the experience of these countries. These very countries do in fact need and prize gold more and seek it more anxiously than do countries that use gold freely to settle balances of international payments. It is their inability to obtain gold, which forces them to adopt a far less satisfactory alternative method of adjusting their balance of international payments, namely, the adoption of strict exchange control, of clearing agreements, of barter schemes, and the imposition of severe penalties against evasion and all the other business and liberty-destroying procedures necessary to make the system work. There is no one thing which demonstrates more effectively the superiority of gold as a means for settling international balances than the experience of these countries that have tried to get along without it.

Without either gold or exchange controls exchange rates would be very unstable. Any change in the balance of payments would have to be taken care of by international borrowing or lending or the exchange rates would have to move to the point where the sums to be paid and the sums to be received were equated. Because we have abundant gold reserves we do not have to apply exchange restrictions, and broad changes in our balance of international payments can take place without interfering with the stability of the dollar exchange.

All these points have been granted by some critics, but they maintain that to fulfill both these functions much less than \$15,000,000,000 worth of gold would suffice. There is some merit to that contention, yet the future of international political and economic relationships is much too uncertain to justify our taking the steps which would be necessary if we were determined to reduce our gold holdings.

One important factor to bear in mind in considering our gold policy is the psychological reaction of the public to a continuing loss of gold. Should a country be undergoing loss of gold over a considerable period of time, there is likely to result impaired confidence in that country's currency and in the stability of its monetary system long before it has exhausted the gold it possessed in excess of legal or traditional reserve requirements. This has happened time and again throughout the world. Without greater ability to forecast future political and economic developments than is vouchsafed us, it is impossible to say with certainty that we have too much gold. We can say with some assurance, however, that we have enough gold to meet all likely contingencies, and that we are in a strong position to defend the stability of our credit structure and of the dollar against any quick change in our international balance of payments, including any large withdrawal of foreign capital.

The danger that gold will no longer be used as a medium of international exchange is so remote as not to merit serious consideration. Other countries will surely continue to accept gold in the settlement of favorable balances of payments, because gold is as important to them as it is to us. England has over \$3,000,000,000 of gold. France has almost as much; Holland, Switzerland, and Belgium and many other countries have what are for them large holdings of gold. It is in the interest of these countries as much as it is in our own interest to continue to rely on gold as an essential part of their monetary system. Moreover, we must not overlook the fact that nations producing substantial quantities of gold have important vested interests in the continuation of gold as a monetary metal. The British Empire alone produces about half the world's gold. Even countries that produce relatively small amounts of gold find that those small amounts are an important source of national income to them.

8. Isn't it true that foreigners are getting shares of our productive industries and giving us in return gold that we have no use for?

The amount of American securities which have been recently acquired by residents of foreign countries has been much less than is generally supposed. During the past 4 years the total of net

foreign purchases of American securities amounted to only one and two-tenths billion, as follows:

|           |               |
|-----------|---------------|
| 1935..... | \$317,000,000 |
| 1936..... | 601,000,000   |
| 1937..... | 245,000,000   |
| 1938..... | 49,000,000    |

There was, in addition, an increase in direct investments by foreigners as reported by the Department of Commerce of about \$175,000,000 during this period. Altogether, the total amount of investments by foreigners in American securities or directly in American industry during the past 4 years has been less than one-fifth of the gold sent here during these years.

The sums do not, of course, represent the total of foreign capital which has come into the United States. Short-term funds owned by residents of foreign countries increased by one and eight-tenths billion. The bulk of these were demand deposits, which do not constitute acquisitions of shares in American industry and which do not earn any interest.

The acquisition of American securities by foreigners paid for with gold represents a transaction which admittedly is, under existing circumstances, of dubious advantage to the United States. Yet, given the relatively minor importance of the problem to date, we have not been able to convince ourselves that any of the possible remedies which we have so far examined gave promise of sufficient benefit to the national economy to offset their disadvantages.

On the other hand, it should be pointed out that if foreign holders of American securities liquidate their holdings and withdraw the proceeds, either gold or goods (and services) would necessarily be the resultant medium of withdrawal. If the vehicle of transmission were gold, its loss, in view of our large gold holdings could, of course, be regarded with equanimity. If the medium of transmission were goods, either because of direct purchases with the proceeds of the funds or because of the operations of the adjustment process, the resultant increase to our exports at a time when there exists a large volume of unemployed labor and other idle resources would have favorable effects on our economy.

9. What action, if any, should be taken with respect to the gold situation? Should we, for example, return to the gold standard of pre-1933?

The maldistribution of the world's gold is a reflection of the disturbed economic situation throughout the world and the chaotic international political situation. Redistribution can come only with progress toward the solution of the basic problems confronting world international relations.

In our study of this matter we have examined literally scores of proposals directed toward possible action to redistribute the world's gold. The major conclusion we have drawn is that any measure which would take the form of restrictions on the flow of gold into this country would have, at this time, detrimental effects upon our economy.

What disadvantages may be associated with the gold inflow are fortunately only of minor magnitude, and should, moreover, be attributed to the factors causing that inflow rather than to the inflow itself. Foreign ownership of American securities may, however, serve as a source of disturbance to our security markets in times of stress; similarly with short-term foreign capital sent here. On the other hand, the third factor responsible for the gold inflow to the United States—our export excess—does yield a gain.

The large inflow of gold in recent years has been a major factor in increasing excess bank reserves. These reserves do in some degree operate to stimulate an expansion of loans by banks and to keep the interest-rate structure lower, both developments helping somewhat to promote a higher level of business activity. Nonetheless, the prospect of continued large inflows of gold has been a cause of some concern on the part of those who consider a large volume of excess reserves as constituting a potential danger of inflation, though I do not regard this problem as one of immediate import.

The only immediately disturbing aspect of the gold problem is the loss of gold by foreign countries. The countries losing gold may be adversely affected by the loss, and some of the adverse effects would impinge indirectly on us. This is to be deplored, but the factors producing this situation are external to us and beyond our control, acting alone.

With respect to the suggestion that the United States return to the gold standard of pre-1933, I must state definitely that such a move would be harmful to the American people and of no value to the people of other countries. In the first place, a return to the pre-1933 gold standard would mean a return to the \$20.67-an-ounce price for gold. This, in the absence of similar changes in the gold value of other currencies, would represent a depreciation of approximately 70 percent in all foreign currencies in terms of the dollar.

It is obvious that an increase in the cost of the dollar to the foreigner by 70 percent and a decrease in the cost of foreign currencies to the American importer by 40 percent would seriously disrupt our foreign and domestic trade. Price movements are not so general or so rapid as to adjust economic conditions quickly to changes in exchange rates, and such movements as would occur would take the form of falling prices, particularly prices of agricultural products and raw materials. From experience we know that such price movements have disastrous effects upon incomes, profits, and the level of business activity. We might be precipitated into a depression rivaling the 1930-33 experience. There can be no question, therefore, of returning to a gold dollar with the pre-

1933 content. The answer to question 6 above contains a full discussion of the foreseeable effects which would result from any substantial increase in the gold content of the dollar.

Even if what were proposed were a return not to the old gold value but to a pre-1933 gold standard with the present gold content of \$35 an ounce, such a step would be unwise at this time. Our present monetary system differs from the pre-1933 gold standard in three respects other than gold content. First, our currency is not convertible into gold coin; secondly, there are Government controls over the movement of gold in and out of the country; and, thirdly, there is Executive authority to change the gold content of the dollar.

Convertibility of currency would, in my opinion, have no substantial advantages. Virtually every country in the world has recognized this fact and has withdrawn the privilege. For in normal times there is nothing to be gained by the right to convert currency into gold, whereas at all times convertibility has the potential disadvantage of creating a possible source of internal gold drain which would come into play at the very time when it would be most injurious. Internal hoarding of specie reserves has been, in the experience of many countries, one of the most important reasons for the weakening of currencies. Though the prospect of such a contingency in the United States seems at this time remote, it would, nevertheless, always be a possibility under a convertible currency system. Moreover, in the event that there should develop an emergency situation calling for a further change in the gold content of the dollar, the existence of private gold holdings would create unnecessary difficulties.

At present the movement of gold out of the country is in effect subject only to the restriction that it must be for the purpose of settling international balances. Gold moves freely to satisfy legitimate commercial and financial needs. The present powers of control over the movement of gold provide a safeguard that can instantly be used in the contingency of an international crisis.

The power to change the gold content of the dollar should be lodged in an authority which can, in case of necessity, act swiftly and in a manner which will minimize the disturbances resulting from any change. This power should always be available; its existence contributes to the maintenance of stable exchange relationships, which makes the exercise of the power unnecessary.

It is important to realize that rumors of an impending change in the value of a currency, or any public discussion by responsible officials that such a change might be made, would in themselves be enough to induce large flows of capital either into the country or out of the country, depending upon whether the prospect is for an increase in the value of the dollar or for a decrease in the gold content of the dollar. Discussions in committees would be advance notice to speculators that such action might take place. The mere fact that it might take place would be sufficient to induce the flow of capital, because if the change did not actually occur, the speculation would have cost only the small charges attending any exchange transaction. Indeed, congressional discussion would stimulate speculators to engage in activities of a sort which would of themselves tend to force Congress to take the action which had been in contemplation, even if on its own merits and in the absence of the situation created by the operations of the speculators, a negative decision would have been in order. The liquidation of foreign holdings of American capital might, under such circumstances, easily be powerful enough to disrupt the security exchanges and to introduce a chaotic situation in markets and in business generally. Since the prospect of devaluation would arise only under circumstances which were disturbing in any case, the outflow of capital would simply make bad things worse.

It therefore appears desirable that the Executive should have the power to alter the gold content of the national currency unit, in the public interest, and within clearly prescribed limits, as it is in most of the countries in the world, so that if an emergency situation should require its exercise it could be exercised quickly and without the necessity of prior public discussion and its concomitant invitation to speculative activities.

Sincerely,

HENRY MORGENTHAU, Jr.,  
Secretary of the Treasury.

HON. ROBERT L. WAGNER,  
United States Senate.

OCTOBER 24, 1939.

MY DEAR SENATOR: I should like to answer in some detail the questions in your letter of October 17, so as to clarify certain aspects of problems relating to gold.

You write:

"I assume that you are continuing to purchase at \$35 an ounce all foreign gold that is offered. In view of depreciated foreign currencies, is not this equivalent to paying considerably more than \$35 an ounce so far as the foreign seller is concerned?"

I am uncertain what you mean by this question. It is subject to several different interpretations and to make certain that you obtain the information you ask I will endeavor to answer each of them separately.

1. Does the question ask whether the foreign seller of gold receives more purchasing power over goods and services here than he did prior to depreciation? If that is the sense of your question, then the answer is "No." The \$35 per ounce (less one-fourth of 1 percent) which the foreign seller of gold receives probably represents less, and certainly not more, purchasing power in terms of goods



and services in this country than it did before the depreciation of currencies in recent months. Such purchasing power of \$35 in the United States varies, of course, with changes in prices of goods and services in the United States. Since most goods and services that can be purchased here by a resident of a foreign country have risen in price during the past 2 months, it follows that the foreign seller of gold probably gets less goods and services for his \$35 now than he did a few months ago.

2. Does the question ask whether the foreigner can get more units of his own currency for gold by selling it in the United States than by selling it in his own country? If this is the sense of your question, again the answer is "No." We pay no higher price for gold (allowing for commissions, handling charges, etc.) than other countries do. After a foreign seller of gold converts the dollars he obtains for his gold into sterling, for example, he finds that he has approximately the same amount of money as he would have had if he had sold that gold in London. (For a further explanation of this I refer you to pp. 7, 8, and 9 of my letter to Senator WAGNER, dated March 22, 1939, a copy of which is enclosed for your convenience.)

3. Does the question ask whether the foreign seller of gold gets more units of his local currency for his gold now than he did before the depreciation of his currency? If this is the sense of the question, the answer is clearly "Yes." That is exactly what depreciation of a currency in terms of gold means, namely, that each unit of a depreciated currency is exchangeable for less gold.

4. Does the question ask whether the greater number of units of the depreciated currency which the foreign seller obtains for his gold can purchase more goods and services at home than could the smaller number of units he obtained for his gold before depreciation? The answer to this question is probably "Yes." Prices in the country of a depreciated currency do not usually rise as much as the currency depreciates for a considerable period of time, if at all. During that period the holder or producer of gold will get more local goods and services for an ounce of gold than he did before. But he gets more goods only if he buys goods at home; furthermore, he gets more goods for an ounce of gold not because we continue to pay \$35 an ounce for gold but because his own country gives more units of its currency for an ounce of gold.

When taken in the context of your whole letter one further possible interpretation of your question suggests itself. You may be asking whether the recent depreciation of foreign currencies will of itself lead to an increased inflow of gold. If this is the sense of your question, the answer is probably "No." It is, of course, impossible to foretell at this time the total effect of a Europe at war upon our balance of payments. The specific effect of the recent depreciations of foreign currencies, however, would clearly seem to operate in the direction of a reduction in gold offerings. Depreciation of foreign currencies vis-à-vis the dollar means that American goods and services are less attractive to the foreigner because he must give more of his own currency in exchange for a dollar's worth of merchandise than formerly. In other words, the depreciation of foreign currencies is a factor which operates in the direction of reducing our exports to and increasing our imports from the countries involved. Thus, the effect of the change will tend to reduce our favorable balance of trade and consequently such inflow of gold as may be attributable to our export surplus. It is true that price changes may in time offset the effect on the relative attractiveness of foreign and American goods initiated by the depreciation of foreign currencies. But even in normal times this adjustment usually does not take place for some time.

You ask the further question:

"If we put our foreign trade with belligerents on a strict 'cash and carry' basis, will it not be likely to substantially increase this inflow of foreign gold, perhaps to so dangerous an extent that we finally shall practically monopolize the world's gold supply?"

The prohibition of credits to belligerent governments may possibly have the effect of reducing our exports to belligerent countries. This might, in turn, reduce the value of our total exports compared with what our exports would be were the prohibition not included in the Neutrality Act. Were the belligerent governments to purchase some of their imports from the United States on credit, a portion of the payments due us might be postponed. However, whether this postponement would result even in a temporary reduction in the inflow of gold cannot be forecast because—

(1) It is not known what proportion of the dollars used for payments would be acquired from the sale to us of gold and what proportion would be acquired from other sources.

(2) It is not known whether an extension of credits to belligerents would result in greater purchases from the United States or whether there would simply be a substitution of some credit purchases for cash purchases. Only in the latter instance would it be possible for part of the inflow of gold to the United States to be postponed. In the former case it would mean that the gold inflow would be the same over the short period of time and would be greater at some subsequent time when credits were liquidated.

You ask this further question with respect to gold:

"Would this (increased inflow of gold) not seriously threaten the world's subsequent return to the use of monetary gold, and thus relatively threaten the ultimate value of our own enormous gold hoard?"

This war demonstrates, if any demonstration were needed, that gold constitutes the best form in which foreign exchange resources can be held. Even under the most difficult conditions of war, belligerent governments which possess gold can buy with it anything that is for sale.

The new situation in world trade brought about by the war in Europe will, of course, introduce some changes in the distribution

of gold among the nations of the world. Belligerent countries will probably lose gold, but numerous neutral countries, which now have little gold, may be put in a position to increase their holdings as a result of improvements in their trade balances. As a consequence, the war may well have the effect of causing a wider distribution of gold among the countries of the world. Such an increase in gold holdings by many countries would give more countries a stake in the continuation of gold as a medium of international payments. The gold-producing countries, of course—including the British Empire, which now produces half the world's gold—will continue to have a vital interest in the use of gold as a monetary metal.

These considerations, as well as others, indicate that gold will emerge from this disturbed period with added prestige as the international medium of exchange. For further discussion of the future usefulness of gold as a monetary metal, you may wish to refer to pages 16, 17, 18, and 19 of my letter to Senator WAGNER referred to above.

Your last question on gold relates to a suggested change in our monetary policy. You ask:

"Should not the purchase of foreign gold be curtailed and repriced at least for the period of the war?"

I am not clear whether by repricing gold you have in mind an increase or a decrease in the price of gold. I judge from the context of your letter, however, that you are inquiring about the effects of a reduction in the dollar price of gold.

My views with respect to the consequences of reductions in the price of gold are fully set forth in my letter to Senator WAGNER referred to above. The discussion appears on pages 13 to 16 of that letter, and I think it may be appropriately reread in connection with your inquiry.

You raise the question of the advisability of reducing the price of gold "for the period of the war." Any substantial change in the price of gold which is known to be temporary would have seriously disrupting influences on trade and international capital flows. It would introduce a still greater risk element in business relations with foreign countries and would, moreover, increase world speculation in dollar exchange.

Sincerely,

HENRY MORGENTHAU, JR.,  
Secretary of the Treasury.

(Enclosures.)

HON. ARTHUR H. VANDENBERG,  
United States Senate.

Mr. TOWNSEND. Mr. President, I ask unanimous consent to insert in the RECORD a statement by Mr. A. A. Berle, Jr., in which he says that United States gold may help rebuild shattered Europe, and that we may have to give it away in our own interest to soothe social unrest.

The PRESIDING OFFICER. Without objection, it is so ordered.

The statement is as follows:

BERLE SAYS UNITED STATES' GOLD MAY HELP REBUILD SHATTERED EUROPE—WE MAY HAVE TO GIVE IT AWAY IN OUR OWN INTEREST TO SOOTHE SOCIAL UNREST AFTER WAR, HE HOLDS

NEW HAVEN, CONN., January 31.—A free gift of some of America's accumulated gold and use of the resources of the Federal Reserve System to help reconstruct Europe after the war were advanced as possibilities tonight by Adolf A. Berle, Jr., Assistant Secretary of State.

When peace comes, he said, the United States will face heavy responsibility for a return of the world to economic sanity.

Predicting as a "foregone conclusion" that the present war will be followed by "a great movement of social unrest," Berle told the political union of Yale University:

"It seems fantastic today to suggest handing over some of our accumulated gold as a free gift to reestablish international currency, to let other nations set their houses in order, and thereby reestablish trade and normal life. But this may not seem nearly so fantastic a few years hence.

"It seems impossible today to think of using the enormous and yet untapped resources of the Federal Reserve System as a means of rebuilding the shattered life of another continent; but when the time actually comes and we are faced with that contingency, we may find that the idea looks more like an immediate necessity than a fairy tale.

"It may even be—strange though it seems—that by dealing with some of these problems we shall learn at length that we hold the tools in our hand to remedy many of the injustices in our own social life."

He suggested that the United States might adopt the following methods of contributing to the "reconstruction of an ordered world":

"Sending goods which we produce in abundance to places where they are needed \* \* \* paid for or not, human suffering must be relieved.

"Helping to set up a considerable part of the world in business again. We may do this because we should hope—and I think rightly—that the result will contribute to our own economic health.

"American and foreign public-health units working side by side and not trying to assess the race, wealth, or origin of the people whom they endeavor to protect from disease.

"International lawyers endeavoring to resolve conflicts so as to reopen contact between groups and individuals.

"Transport pools designed primarily to assure that goods are promptly taken to the places where they are most needed.

"Banks and bankers pooling their resources so that the materials of life are once more everywhere available."

#### POLITICAL CONDITIONS IN PENNSYLVANIA

Mr. GUFFEY. Mr. President, political integrity is as essential to the preservation of our democracy as are patriotism and loyalty.

We in this Chamber are all patriotic Americans sworn to uphold the Constitution according to our best understanding. We take that as a matter of course. But above and beyond this formal, definite commitment lies a very essential obligation to play fair in politics. Once that sense of political integrity is lost, once organizations fall into the hands of unprincipled racketeers, once the political system disintegrates so that one boss controls both parties, the very fundamentals of our Government are endangered. Liberty is displaced by political dictatorship.

Pennsylvania was long afflicted by such one-party rule, with the Democratic Party a slave of its Republican masters. It was only in 1932 and 1934 that this sleeping giant broke its bonds, and a healthy two-party system was restored to the Keystone State. As a result, we made more progress toward good government in 4 years than in the previous 40 years.

Now I see an attempt to destroy all that has been accomplished. I see a sinister effort to recapture and emasculate the Democratic Party. To add to the danger, the Republican Party is now dominated and controlled by an underworld character who wants to take over the Democratic Party as well. I refer to Moses L. Annenberg, publisher of the Philadelphia Inquirer, czar of race-track information service, lately indicted for the biggest income-tax evasion on record—the amount involved being over \$5,000,000—and for bribery.

His bitter attacks on me culminated in a lead editorial in yesterday's Philadelphia Inquirer in which I am denounced as an undesirable primary candidate. But this brazen attempt of this Republican daily to dictate the Democratic candidate would be ludicrous if it were not for the character of the Inquirer ownership and its sinister purpose.

All of us believe the day is far off when ruthless and unprincipled men, with gangster morals and underworld background, will seize control of our Government. Yet we have seen it happen abroad, and I have seen it in my own State. Now—today—it threatens to extend to the National Capitol itself.

A few years ago no one would have dreamed that an associate of Chicago mobsters, armed with millions gained from an illegal racing-wire monopoly, would be able to seize control of the government of a great State such as Pennsylvania.

A few years ago all of us would have laughed at the Annenberg 4-year plan, cynically and brazenly declared when he bought the Philadelphia Inquirer in 1936, control of the Philadelphia Republican organization and municipal government, control of the Pennsylvania Republican organization and State government, and, ultimately, control of the Republican National Convention in 1940. Yet today Annenberg's word is law in Philadelphia and Pennsylvania, and he will control the Pennsylvania delegation to the Republican National Convention.

He has also boasted openly that through his underworld associations he will exercise a controlling influence with the Illinois and New York delegations, for he has extensive interests in both Chicago and New York City. This, should it materialize, would give him control of three vital delegations, which would mean that the party of Abraham Lincoln could not nominate any candidate until personally approved by Moe Annenberg.

If the Republican Party chooses to accept the leadership of this man, that is the Republican Party's business. It is my business to prevent him from wrecking the Democratic Party in my own State. It is my duty to stop him from achieving his sinister political objectives.

For weeks there have been references in the Pennsylvania Republican press, but most especially in Annenberg's journal,

to my candidacy. Unidentified "leaders" of the Democratic Party in Pennsylvania have been quoted at length in opposition to me and to the liberal New Deal principles for which I stand.

As a culmination of a series of inspired articles, manufactured special stories and features of all kinds directed against every liberal movement in America, Annenberg in his editorial of yesterday finally came into the open as the fountainhead of the opposition to my candidacy.

This editorial is marked by a bitter personal attack upon me as unfit for the high office I hold—not because of my conduct in this Chamber or in the course of my political duties, but because of my political affiliations and activities.

This so-called bible of Pennsylvania Republicanism has the unparalleled effrontery to tell the Democrats of Pennsylvania—whose leaders it was doing its utmost to put in prison only a short while ago—whom they shall or shall not nominate.

Party raiding in Pennsylvania is forbidden by law. This is an attempt to raid the Democratic Party through the press. One is illegal, the other is the most shameless violation of common decency and journalistic ethics even seen in America.

The obvious purpose of the Annenberg attack is to blitzkrieg the Democratic Party by demoralizing its leadership, by fostering suspicions and prejudices, by cajoling uncertain Democratic leaders and frightening others, by holding out veiled promises of support for those who play its game.

The object of such a campaign is clear—to reduce the Democratic Party in Pennsylvania to futility, to involve it in such internal warfare that it will not survive the battle; to leave nothing of it but an ineffectual machine controlled by the same privileged interests which support and maintain the Republican organization.

Annenberg's editorial itself gives the game away, when it says that my nomination for reelection will insure a Republican victory. Who could believe for a moment that Annenberg's newspaper, or any other bitterly partisan Republican journal, would go out of its way to stop a candidate the Republicans could lick?

Such philanthropy, such devotion to public-spirited service, such nonpartisanship, is hardly to be expected from the Philadelphia Inquirer. It presumes to tell the Democratic leaders what they should do; as if its own opposition were not the surest and most positive evidence that it fears my candidacy. And I serve notice that it has reason to fear that candidacy, for I propose to give no quarter in the fight against Annenberg and the underworld type of public morality he represents.

Annenberg's concern over the danger of my nomination arises from a single and well-founded fear, the fear—yes, the certainty—that if I am nominated Annenberg's candidate will be defeated.

I call attention to Annenberg, his Philadelphia Inquirer, and to his most recent editorial diatribe for a particular reason.

Annenberg constitutes a menace to our American institutions. Our easy-going freedom and tolerance, which he not only enjoys but exploits, make it possible for a great metropolitan daily to be perverted to serve the ends of a sinister adventurer. He diverts it from the proper functions of a free press and uses it as an instrument for the advancement of his scheme to seize power over government.

Should he succeed, the rise of his new political underworld will mark the end of decency in government, and the end of democracy as we have known it.

The Republican leadership in Pennsylvania cannot disavow Annenberg. He owns it, body and soul. No Republican leader—and many are decent, self-respecting men—dares to face the journalistic blasts and the destruction of character which would result if they were to oppose him. They know he will stop at nothing. He achieved his monopoly in the underworld by just such terroristic tactics.

But I do not propose to be intimidated. I have fought for the integrity of the Democratic Party for more than 40 years, and I am not going to be stopped now—even by the enmity of one of the most vicious characters ever to rise from the Chicago underworld.



## CONFIRMATION OF JUDICIAL NOMINATIONS

Mr. GLASS. Mr. President, as in executive session I should like the Senate at this time consider and confirm two judicial nominations in Virginia.

The PRESIDING OFFICER (Mr. CHANDLER in the chair). Is there objection? The Chair hears none, and the clerk will state the first nomination referred to by the Senator from Virginia.

The legislative clerk read the nomination of Armistead M. Dobie, of Virginia, to be judge of the United States Circuit Court of Appeals for the Fourth Circuit.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Alfred D. Barksdale to be United States district judge for the western district of Virginia.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. GLASS. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of these two judicial nominations.

The PRESIDING OFFICER. Without objection, the President will be immediately notified.

## CONTINUATION OF NEW DEAL LEGISLATION

Mr. LEE. Mr. President, wars abroad must not overshadow economic problems at home. No one will deny that the wars in Europe and Asia present serious problems, but problems of foreign policy must not cause us to lose sight of the economic condition of certain classes of our own people.

This administration, under the wise leadership of President Roosevelt, has launched a number of reforms which were long overdue. In that regard, this has been no ordinary administration with merely the normal amount of new legislation which is to be expected with the passing of 7 years. But in this administration, it has been necessary to make up for the neglect of many years past when our Government followed a policy of laissez faire while time marched on.

Mr. President, this is not merely another administration but this administration marks a new era. It has been necessary to crowd into a few years the greatest number of social and economic reforms ever attempted in the same period of time by the American Government—reforms so far reaching that the election of Franklin D. Roosevelt to the Presidency of the United States marks a new epoch in American history.

Also it was necessary to devote much of the first part of this administration to recovery before reform could be undertaken. Therefore, this administration has not had time to perfect and improve the many important measures which have been adopted during its tenure.

The serious critics of the administration have advocated amendments to much of the legislation which has been enacted, but very few, if any, of them are advocating outright repeal of these reforms.

If these reforms are to be given a fair chance, they should be amended and refined by those who initiated them in the first instance. In other words, the amending should be done by the friends of the new legislation, and in most cases, the original sponsors of this liberal legislation are themselves advocating certain changes for the purpose of improving these measures.

It is true that the smoke of battle abroad forms a dark cloud on the horizon, yet we must not lose sight of the importance of finishing the work we have begun at home. We have launched an entirely new program for social and economic betterment. There is still work to do on this program before it can withstand the shock of an after-war depression.

Those who initiated and sponsored this program are the ones who should machine down the rough spots and perfect the work which they have so well begun. Unless these measures are strengthened by friendly hands, some of them will be swept away in the rush to sell war materials abroad and many of the gains for humanity will be lost.

There are those who are already looking to the war in Europe as a means of solving our problem of unemployment. There are those who are expecting the European demand for agricultural products to solve our farm problem. It is true that wars abroad may temporarily increase the demand for our goods, but war creates only a temporary market. Any money which we receive as a result of war has been rightly referred to by President Roosevelt as "fool's gold." Any temporary prosperity which results from war can be nothing more than a fool's paradise.

Suppose we should abandon some of the reforms which lead to more permanent prosperity and should rely upon the artificial prosperity resulting from wars abroad, and then that prosperity should suddenly turn to ashes. What then? We would have frittered away the opportunity to make permanent our gains, and the second stage of our depression would be worse than the first.

The temporary demand for our goods abroad is deceiving many of our people. It has created a situation which is being seized upon by those who are opposed to the entire program of the Roosevelt administration as an opportunity to sweep away the reforms we have initiated. They argue with great persuasiveness that the need for the legislation has passed and therefore the legislation should be abandoned. The argument is so appealing that many of those most aided by these measures are being deceived by present conditions.

These conditions are artificial. These markets are temporary. After the war, what then? When the soldiers of Europe and Asia turn from fighting to farming, what will the American farmer do if he has abandoned his farm program? What will the wage earners do when the munition factories shut down, if they have no unemployment program to fall back on? We must make good the present opportunity to build an all-weather economy which can stand the strain of the backwash after war.

Certainly one of the most important problems confronting the American Congress today is that of agriculture, and the condition of the farmer is indissolubly connected with the condition of the wage earner. The problem of unemployment is blood kin to the problem of farm prices.

Mr. SCHWELLENBACH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Washington?

Mr. LEE. I yield.

Mr. SCHWELLENBACH. I wonder if the Senator would mind my interrupting him to make a suggestion. If we reach a point where our exports are largely of materials which must be used for war purposes, then when the time comes that the nations purchasing those war materials see that our economy is based upon such exports, will they not be in a position much more easily to involve us in a European conflict than they would be if we were able to maintain our war economy without specializing in the export of war materials?

Mr. LEE. I believe that is decidedly correct, and I thank the Senator for making that observation at this time.

Mr. President, our farm program today will not stand alone. If Congress should fail to appropriate money out of the Treasury for the present farm program it would collapse.

We must have a more permanent farm program. We must have a self-financing farm program. We must have a farm program that will carry its own weight. We must have a farm program that can stand the repercussions of an after-war slump.

Then again we must set up a farm-tenant program that will rehabilitate the farm tenants faster than they are being dispossessed.

Furthermore, we must adopt a self-liquidating public-works program.

We must expand and preserve our soil-conservation program.

We must establish freight-rate schedules on a basis of fairness and justice which cannot be assailed.

We must expand our old-age security program on a basis so logical that it cannot be attacked. Now is the time to make secure our gains in all these social and economic fields.

Great drives are being made in this country for donations to aid Finland. Indeed, that is a worthy cause. Such campaigns represent the generous and sympathetic attitude of America toward the distressed. I wish to add my voice of approval to such humanitarian campaigns but may I at the same time call attention to the distress and suffering among our own people?

May I point out that the increase in big-scale farming in America is sweeping tenant farmers from the land and sending them to town to seek employment on the relief rolls?

May I call attention to the deplorable condition of our sharecroppers? I can see them strung out along the highways now, as I have seen them many times—whole families of them, the father carrying some of their belongings, the mother carrying a baby, and the children trailing along behind. I have often asked myself, What will they eat for their next meal? Yes; what did they have for their last meal? Where will they spend the night? Who knows? They are just moving on. Where to? They themselves do not know.

I must remind the Senate that, in spite of the temporary upturn in business, there is still great human suffering here at home. One morning a poor, old man's frozen body is found by the side of a pile of ashes. Does not that tell the story of misery and suffering? This very night children here in America will go to bed hungry. Indeed, some of them will not have a bed in which to sleep because their fathers and mothers are unable to get employment.

Then, again, let me remind you, Mr. President, of the coal mine tragedies where the coal miners have been entombed by what I understand to be preventable disasters.

I would not minimize the seriousness of the foreign situation. I would not detract from the concern for suffering humanity abroad, but in all fairness I must call attention to these serious domestic problems.

I am willing to vote appropriations for national defense, but I am unwilling that the Congress shall adjourn until we have provided work for the unemployed. I am willing to vote appropriations to increase the Military Establishment, but I am unwilling to have Congress adjourn until we have increased and stabilized the farmer's income. I am willing to vote an increase of the naval power of the United States, but I am unwilling to have Congress adjourn until we have increased the purchasing power of the underprivileged in America.

Mr. CHANDLER. Mr. President, will the Senator yield?

Mr. LEE. I yield.

Mr. CHANDLER. I understood the Senator from Oklahoma to make the statement that the mine disaster in Kentucky was caused by something that could have been prevented.

Mr. LEE. I so understand.

Mr. CHANDLER. Does the Senator know anything about the facts?

Mr. LEE. No; I do not.

Mr. CHANDLER. I do. The report of the State mine inspector showed that the explosion was caused by a man using a permissive explosive and bringing it in contact with a live wire. The man was found some distance from the point of the explosion, with his leg blown off, and almost blown in two himself. I was present a short time afterward, and made an inspection and received the report. The Senator's advice about the matter is incorrect.

Mr. LEE. I appreciate the correction from the Senator from Kentucky.

E. C. BEAVER

The PRESIDING OFFICER (Mr. CHANDLER in the chair) laid before the Senate the amendments of the House of Representatives to the bill (S. 323) for the relief of E. C. Beaver, who suffered loss on account of the Lawton, Okla., fire, 1917, which were, on page 1, line 6, to strike out "Beaver as compensation in full" and insert "Beaver, of Tulsa, Okla., in full satisfaction of his claim against the United States"; and to amend the title so as to read "An act for the relief of E. C. Beaver."

Mr. THOMAS of Oklahoma. I move that the Senate concur in the amendments of the House.

The motion was agreed to.

MISSOULA BREWING CO.

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 766) for the relief of the Missoula Brewing Co., which were, on page 1, line 3, to strike out "is" and insert "be, and he is hereby"; and on page 1, lines 6 and 7, to strike out "representing the amount paid" and insert "in full settlement of all claims against the United States because of payment of said amount".

Mr. WHEELER. I move that the Senate agree to the amendments of the House.

The motion was agreed to.

ONE HUNDRED AND FIFTIETH ANNIVERSARY OF THE SUPREME COURT OF THE UNITED STATES

Mr. HATCH obtained the floor.

Mr. WILEY. Mr. President—

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from Wisconsin?

Mr. HATCH. I yield.

Mr. WILEY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll. The Chief Clerk called the roll, and the following Senators answered to their names:

|              |                 |           |               |
|--------------|-----------------|-----------|---------------|
| Adams        | George          | Lee       | Schwartz      |
| Andrews      | Gerry           | Lucas     | Schwellenbach |
| Ashurst      | Gibson          | Lundeen   | Shipstead     |
| Austin       | Gillette        | McCarran  | Slattery      |
| Barbour      | Glass           | McKellar  | Smathers      |
| Barkley      | Green           | McNary    | Smith         |
| Bridges      | Guffey          | Maloney   | Stewart       |
| Brown        | Gurney          | Mead      | Taft          |
| Bulow        | Hale            | Miller    | Thomas, Okla. |
| Byrnes       | Harrison        | Minton    | Tobey         |
| Capper       | Hatch           | Murray    | Townsend      |
| Caraway      | Hayden          | Norris    | Truman        |
| Chandler     | Herring         | Nye       | Tydings       |
| Chavez       | Hill            | O'Mahoney | Vandenberg    |
| Clark, Idaho | Holman          | Overton   | Van Nuys      |
| Clark, Mo.   | Holt            | Pepper    | Wagner        |
| Davis        | Hughes          | Pittman   | Walsh         |
| Donahay      | Johnson, Calif. | Radcliffe | Wheeler       |
| Downey       | Johnson, Colo.  | Reed      | White         |
| Ellender     | King            | Reynolds  | Wiley         |
| Frazier      | La Follette     | Russell   |               |

The PRESIDING OFFICER. Eighty-three Senators have answered to their names. A quorum is present.

ONE HUNDRED AND FIFTIETH ANNIVERSARY OF THE SUPREME COURT OF THE UNITED STATES

Mr. HATCH. Mr. President, today marks the one hundred and fiftieth anniversary of the Supreme Court of the United States. We have just returned from the Supreme Court, where appropriate ceremonies celebrating this auspicious occasion have been concluded. The Judiciary Committees of both branches of Congress attended those ceremonies, paying due and proper respect to the judicial branch of the Government. Eloquent and able addresses were delivered by the Attorney General of the United States and by Mr. Beardsley, president of the American Bar Association. The Chief Justice of the United States responded with remarks eminently befitting the dignity of the high office he occupies and the traditions and ideals of the Court. It would hardly seem proper, Mr. President, to let this day pass without some word being said on the floor of the Senate paying at least some measure of tribute to that branch of government which celebrates the anniversary of its birth today.

Fifty years ago, in speaking at the ceremonies held in the city of New York commemorating the one-hundredth anniversary of the Supreme Court, a former President of the United States, Mr. Cleveland, said:

We are accustomed to express on every fit occasion our reverence for the virtue and patriotism in which the foundations of the Republic were laid, and to rejoice in the blessings vouchsafed to us under free institutions.

As Mr. Cleveland spoke 50 years ago, so may we well speak today. We should fittingly express this day our reverence for the virtue and patriotism in which the foundations of the Republic were laid. With even greater fervor we can well



rejoice today in the blessings vouchsafed to us under the free institutions of our Government.

It was only yesterday, it seems, at the beginning of the World War, that Sir Edward Grey sadly said:

One by one the lights of civilization are being extinguished. They shall not be relighted in our generation.

Today as we look across the seas at the Old World we wonder if once more the lights of civilization are being extinguished. For a decade or more we have watched the fall of governments. We have seen liberty die in other lands. We have seen free people and free governments destroyed, and, even as I speak, a small but a brave and fearless people fight against the advancing hordes of an aggressor who would seize and destroy the right of a free country to rule and govern herself.

As we see these things we almost say, as Romain Rolland said during the years of the last World War:

A sacrilegious conflict which shows a maddened Europe ascending its funeral pyre, and, like Hercules, destroying itself with its own hands.

As these scenes unfold and as tyranny stalks abroad in other lands and free institutions are obliterated from almost every country in the world, I repeat we may well pause for a moment today and pay our reverence and respect for the "virtue and patriotism in which the foundations of the Republic were laid."

In laying those foundations of this Republic our fathers proceeded not by accident. It is no accident that freedom survives in America today. The founders of the Republic were men who understood the true science of government. Passionately they believed that powers of government must be separated. As often expressed by them, "the accumulation of all the powers of government in the same hands, whether of one, or a few, or many, and whether hereditary, self-appointed, or elected," could justly be "pronounced the very definition of tyranny." So believing, they laid out the plan upon which the structure of our Government rests today.

It was not a new plan. Students of government, they were familiar with every form and theory of government which existed in the world. In another address delivered on the occasion of the one-hundredth anniversary of the Supreme Court, it was said:

A division of the powers of government was not a political device newly invented by the statesmen who framed the Constitution of the United States. Aristotle, in the fourth book of his Politics, observes that in every polity there are three departments, the suitable form of each of which the wise lawgiver must consider, and according to the variation of which one State shall differ from another. These he describes as, first, the assembly for public affairs; second, the officers of the State, including their powers and mode of appointment; and, third, the judging or judicial department.

Following this and other plans and being ever mindful of their own mistakes and errors under the Articles of Confederation, our fathers laid the foundations of this Republic. And from their work came the Supreme Court of the United States, the anniversary of whose birth we celebrate today.

In the Supreme Court there was something new and unique in governments of men. Of course, courts of justice had long existed. The statesmen who wrote the Constitution knew well the history of the judiciary. They knew its weaknesses and they knew its strength. They knew its faults and its frailties. English courts had not always functioned according to the principles of English law, in which the colonists devoutly believed. Yet the writers of the Constitution gave birth to the most powerful court known to men, the Supreme Court of the United States, and created it as a separate and independent arm or branch of the Federal Government.

Of that Court, De Tocqueville said:

In the nations of Europe the courts of justice are called upon to try the controversies of private individuals, but the Supreme Court of the United States summons sovereign powers to its bar.

Under the authority of the Constitution but, as the president of the American Bar Association observed this morning, with "no guards, palaces, or treasures, no arms but truth and wisdom, and no splendor but the justice and publicity of its judg-

ments," the Supreme Court of the United States has pursued its course for 150 years. Not always right, of course, not divine, but very human, the Supreme Court has met the multitude of questions presented to it throughout the course of its history and has builded a body of law upon which the freedom of our institutions rests today. I can pay the Court no greater tribute than this. If I spoke for hours and voiced all the high and lofty sentiments which have been expressed throughout the years by lawyers and judges commemorating the work of the Supreme Court of the United States, I could speak no greater tribute than I have paid when I say the Supreme Court has helped to build, preserve, and keep free government for the people of the United States.

After all, is there anything else that matters? If free government ever fails here, if tyranny conquers this country, if the right of self-rule ever be denied in the United States, then will we indeed echo the words of Sir Edward Grey and with him sadly say:

One by one the lights of civilization are being extinguished.

But this, Mr. President, must not be. Somewhere in the world the lights of civilization must continue to burn. Somewhere in the world the right of men to be free must be preserved. Somewhere in the world there must be people willing to declare over and over and again with Abraham Lincoln, "Government of the people, by the people, for the people shall not perish from the earth."

This country, which gave birth to the ideals of free government, is the country where those rights must be preserved and maintained. It is the lot of this country to keep the lights of civilization from being extinguished. It is ours, Mr. President, to maintain and preserve the rights of men to be free. It is ours to hold fast to the principle that men can govern themselves.

As the ultimate repository of the rights and liberties of the people of America, the Supreme Court of the United States has the great responsibility of safeguarding democracy itself. In the years of its existence the Court, with few lapses, has done that very thing. The lights of liberty in America have been kept burning. Men have been free in the United States. Free institutions survive in America today. That men may be free tomorrow and throughout the years to come, let not justice be denied. As the Court speaks the voice of the people as expressed in the Constitution, wisdom, truth, and righteousness shall permeate its decisions. Let those decisions and opinions today speak the commendation of the Court. Let its decrees write its history. Let its judgment for others be judgment upon itself. Truly the Supreme Court is the keeper of the lights of freedom, perhaps of civilization. May those lights never be dimmed. May their bright and shining effulgence ever reflect the greatness and the glory of the Supreme Court and the greatness and glory of the United States of America.

Mr. AUSTIN. Mr. President, the Supreme Court is a unique instrument of popular sovereignty. Without power to enforce its judgments, uncrowned, unseparated, devoid of sword, or purse, or patronage, the Supreme Court of the United States for 150 years has successfully guarded the institutions which expel autocracy and animate free government.

The authority of this highest tribunal of justice consists of the moral energy springing from popular belief and confidence in, and respect for, the purity, wisdom, and independence of the Court.

The limitation upon its function, confining its judicial opinions to cases of injury litigated in due judicial course between parties having a legal interest therein, has maintained that separation of it from the executive and legislative branches of government which has been an effective barrier against concentration of sovereignty. Its judicial power cannot be extended by itself. When properly summoned it is the duty of the Court, from which it may not shrink, to exercise this power. In cases and controversies in which legal judgment can be rendered, it must declare the law. However, that declaration, to endure, must be right. Herein rests the safety of popular government.

No departure from this limitation can be suffered. Advisory opinions may not be required of the Court by either Congress or Executive. Moot cases may not be heard and decided by the Court.

The wholesome restriction, by the Constitution, of original jurisdiction to but a few cases, has not only proved to be peculiarly beneficial to a Federal system dependent upon maintenance of local State sovereignties, but it has given vigor to the principle of responsibility direct to the people.

The Supreme Court derives whatever exclusive jurisdiction it possesses, and all of its judicial power, from the people by a direct grant. It does not receive such power from Congress, as other Federal courts do. This jurisdiction cannot be enlarged nor can it be taken away save by the people themselves. This unique characteristic of the Court protects States and citizens from the Central Government and conserves for the people the prerogative of change. Appellate jurisdiction alone is subject to regulation by Congress.

The supremacy of our fundamental law—the known covenant of our rights—is peculiarly the charge of the Court. All citizens, and all officers, high and low, are bound to support the Constitution; yet this is inadequate to perpetuate our free institutions. This we know by the tragic experience of our forefathers without fixed laws to live by.

The people's law, made by themselves, for themselves and their posterity, was fixed in the Constitution. It can be changed only by the people. It cannot be changed by government. It is intended to govern government. It protects the citizen from government. Those two fortresses of their liberty—State sovereignty and decentralization of Federal rule—depend upon its sanctity. Therefore, the people established an institution with the novel power of giving stability and vitality to the people's law. The Supreme Court is particularly the people's court.

Though not expressly described in the Constitution, the right to declare statutes void for conflict with the fundamental law is clear by necessary implication and inevitable practice. This has been the rod by which the people have disciplined their government. The certainty of its use, notwithstanding the roaring of the transgressors, has punctuated the history of our remarkable progress economically, politically, and socially. Its use has been the marvel and admiration of statesmen, jurists, and historians of other countries.

It has preserved our form of government. For a century and a half it has enabled a logical development of the American system.

It has prevented a gap occurring between the limits of the powers of the Republic and those of the several States, and likewise it has prevented the overlapping of those powers. It has defined the frontiers and boundaries of jurisdiction.

When the national sovereignty was at low ebb, the Court, under Marshall, turned the tide.

When the backwash of the War between the States threatened to engulf the South, the Court, under Salmon P. Chase and other northern judges, erected a dyke against the reaction.

More recently, when the Federal Government encroached on local self-government, the Court, under Hughes, threw up the barricade of judicial protection.

The Supreme Court does not determine or change policy. Its action is but a brake on speed. In due time, change of the fundamental law can be made in conformity to the well-settled public opinion and the prescribed methods.

Its power is simply the authority to dispose of a controversy before the Court in which one citizen who is a party to a case claims rights guaranteed to him by the Constitution. It is not the absolute negating or revision of law. This was refused by the Constitutional Convention.

If public opinion should desire centralization of a power in Washington and diminution of local self-government, the negation by the Court of Congressional acts can be surmounted by amendments.

However, I believe in the principle so precisely stated by Calvin Coolidge:

No method of procedure has ever been devised by which liberty could be divorced from local self-government. No plan of centralization has ever been adopted which did not result in bureaucracy, tyranny, inflexibility, reaction, and decline. \* \* \*

The record of the Supreme Court has been great and good. The perpetuity of our free institutions will be secure just so long as the people freely give obedience and respect to the judgments of the Court.

#### THE CALENDAR

The PRESIDING OFFICER. Under the order previously entered, the Senate will now proceed to the consideration of unobjected-to measures on the calendar, beginning with Order of Business No. 1197, which the clerk will state.

#### CESSION OF LANDS TO TEXAS

The bill (H. R. 6124) giving consent of Congress to the addition of lands to the State of Texas and ceding jurisdiction to the State of Texas over certain parcels or tracts of land heretofore acquired by the United States of America from the United Mexican States, was announced as first in order.

Mr. McNARY. Mr. President, the able leader on the Democratic side, the senior Senator from Kentucky [Mr. BARKLEY], desires to be present at this time, as do other Senators, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

|              |                 |           |               |
|--------------|-----------------|-----------|---------------|
| Adams        | George          | Lee       | Schwartz      |
| Andrews      | Gerry           | Lucas     | Schwellenbach |
| Ashurst      | Gibson          | Lundeen   | Shipstead     |
| Austin       | Gillette        | McCarran  | S'attery      |
| Barbour      | Glass           | McKellar  | Smathers      |
| Barkley      | Green           | McNary    | Smith         |
| Bridges      | Guffey          | Maloney   | Stewart       |
| Brown        | Gurney          | Mead      | Taft          |
| Bulow        | Hale            | Miller    | Thomas, Okla. |
| Byrnes       | Harrison        | Minton    | Tobey         |
| Capper       | Hatch           | Murray    | Townsend      |
| Caraway      | Hayden          | Norris    | Truman        |
| Chandler     | Herring         | Nye       | Tydings       |
| Chavez       | Hill            | O'Mahoney | Vandenberg    |
| Clark, Idaho | Holman          | Overton   | Van Nuys      |
| Clark, Mo.   | Holt            | Pepper    | Wagner        |
| Davis        | Hughes          | Pittman   | Walsh         |
| Donahey      | Johnson, Calif. | Radcliffe | Wheeler       |
| Downey       | Johnson, Colo.  | Reed      | White         |
| Ellender     | King            | Reynolds  | Wiley         |
| Frazier      | La Follette     | Russell   |               |

The PRESIDING OFFICER. Eighty-three Senators having answered to their names. A quorum is present.

The question is on the third reading of House bill 6124.

The bill was ordered to a third reading, read the third time, and passed.

#### BILL PASSED OVER

The bill (S. 3035) authorizing certain appointments to the United States Military Academy to fill cadetships heretofore created, was announced as next in order.

SEVERAL SENATORS. Over! Over!

Mr. WALSH. Mr. President, I did not want to oppose the bill, or ask that it go over, but I did desire to have an explanation of it if it was to be acted upon.

Mr. SCHWARTZ. Mr. President, will not the Senator who objected withhold his objection?

Mr. RUSSELL. Mr. President, I was one of the Senators who objected to the consideration of the bill, and I shall be glad to withhold my objection.

Mr. KING. Three or four Senators have objected to the consideration of the bill.

The PRESIDING OFFICER. Objection being heard, the bill will be passed over.

#### FOREST LAND IN LINCOLN COUNTY, OREG.

The Senate proceeded to consider the joint resolution (S. J. Res. 194) authorizing the Secretary of Agriculture to make a study of a tract of forest land situated in Lincoln County, State of Oregon, which had been reported by the Committee on Agriculture and Forestry with an amendment, to strike out all after the resolving clause, and to insert the following:

That the Secretary of Agriculture be, and he is hereby, authorized and directed to make or cause to be made a study of the tract of 12,731 acres of forest land situated in Lincoln County, State of



Oregon, owned or controlled by the United States Spruce Production Corporation, and described in the contract between that corporation and the Pacific Spruce Corporation dated December 17, 1920, under which the commercial timber on said tract was sold to said Pacific Spruce Corporation, and to submit to the President of the Senate a report of his findings on the following two points:

1. The volume of timber of commercial species, quality, and character which by the said contract or agreement of December 17, 1920, and by statements, prospectuses, advertisements, cruises, or other declarations issued by the United States Spruce Production Corporation prior to said date was asserted to exist upon said lands and to be subject to purchase and removal.

2. The volume of timber of commercial species, quality, and character which on December 17, 1920, actually existed on said lands, so far as that can now be determined by (a) adequate cruises of the part thereof still uncut and standing on said lands, (b) reviews and analyses of all obtainable scale books, milling, shipping, and other records of the volumes of timber actually cut and removed from said lands by the Pacific Spruce Corporation or its successor, the C. D. Johnson Lumber Co., and (c) determinations on the ground of the commercial timber which was cut but not removed or was otherwise wasted or utilized.

Mr. McNARY. Mr. President, as I have a right to do, I wish to modify the joint resolution so as to make it a simple Senate resolution. I move, therefore, to strike out the resolving clause and insert in lieu thereof "Resolved," and that the resolution be given its appropriate number.

The motion was agreed to.

Mr. McNARY. Mr. President, I think it is fair to state that this resolution does not involve an appropriation; it merely asks the Secretary of Agriculture to make a study through the Forest Service to determine the amount of timber on a certain tract of land, which land is now somewhat involved in a dispute. I have offered the resolution at the request of those concerned in arriving at a definite and accurate conclusion, and request its present consideration.

There being no objection, the resolution (S. Res. 225) was considered and agreed to, as follows:

*Resolved*, That the Secretary of Agriculture be, and he is hereby, authorized and directed to make or cause to be made a study of the tract of 12,731 acres of forest land situated in Lincoln County, State of Oregon, owned or controlled by the United States Spruce Production Corporation, and described in the contract between that corporation and the Pacific Spruce Corporation, dated December 17, 1920, under which the commercial timber on said tract was sold to said Pacific Spruce Corporation, and to submit to the President of the Senate a report of his findings on the following two points:

1. The volume of timber of commercial species, quality, and character which by the said contract or agreement of December 17, 1920, and by statements, prospectuses, advertisements, cruises, or other declarations issued by the United States Spruce Production Corporation prior to said date was asserted to exist upon said lands and to be subject to purchase and removal.

2. The volume of timber of commercial species, quality, and character which on December 17, 1920, actually existed on said lands, so far as that can now be determined by (a) adequate cruises of the part thereof still uncut and standing on said lands, (b) reviews and analyses of all obtainable scale books, milling, shipping, and other records of the volumes of timber actually cut and removed from said lands by the Pacific Spruce Corporation or its successor, the C. D. Johnson Lumber Co., and (c) determinations on the ground of the commercial timber which was cut but not removed or was otherwise wasted or utilized.

The PRESIDING OFFICER. Without objection, the joint resolution (S. J. Res. 194) authorizing the Secretary of Agriculture to make a study of a tract of forest land situated in Lincoln County, State of Oregon, will be indefinitely postponed.

#### EXTENSION OF AUTHORITY TO MAKE COMMISSIONERS LOANS

The bill (H. R. 7342) to amend the Emergency Farm Mortgage Act of 1933, as amended, was announced as next in order.

Mr. KING. Mr. President, may we have an explanation of the bill?

Mr. BARKLEY. It is a House bill which extends until 1942 the authority of the land banks to make commissioners loans. That authority expires today, and unless the bill is passed the land banks cannot continue to make commissioners loans as they have up to now, and it is very important that the bill be enacted.

Mr. ADAMS. Mr. President, I ask the Senator from Kentucky whether there is any change in the regulations or the provisions of the Emergency Farm Mortgage Act?

Mr. BARKLEY. There is no change at all. The only change in the legislation is that the bill extends the date from February 1, 1940, to June 1, 1942. That is all there is to it.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill (H. R. 7342) to amend the Emergency Farm Mortgage Act of 1933, as amended, was considered, ordered to a third reading, read the third time, and passed.

Mr. BARKLEY. Mr. President, I ask unanimous consent that the Vice President be authorized to sign this bill notwithstanding the Senate may be in recess or adjournment, because in order that it may become effective without any hiatus, the President must sign it today. I should like to have consent that the Vice President may sign the measure during the adjournment.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Kentucky? The Chair hears none, and it is so ordered.

#### BERYL M. M'HAM

The bill (S. 2346) for the relief of Beryl M. McHam, was announced as next in order.

Mr. KING. Mr. President, I merely invite the attention of the Senate to the fact that a measure similar to this has been passed once, possibly more than once, and the President vetoed it. Furthermore, it is strongly opposed by the Secretary of War.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill (S. 2346) for the relief of Beryl M. McHam was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.*, That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers Beryl M. McHam, who served in Company C, Twenty-sixth Regiment, and Company C, Eighth Regiment, United States Infantry, World War, shall hereafter be held and considered to have been honorably discharged from the military service of the United States on the 7th day of July 1920: *Provided*, That no pay, compensation, benefit, or allowance shall be held to have accrued prior to the passage of this act.

#### INVESTIGATION OF PHOSPHATE RESOURCES

The joint resolution (S. J. Res. 199) amending Public Resolution No. 112 of the Seventy-fifth Congress and Public Resolution No. 48 of the Seventy-sixth Congress, was announced as next in order.

Mr. VANDENBERG. Mr. President, what is the purpose of the joint resolution?

The PRESIDING OFFICER. The joint resolution will be read.

The Chief Clerk read as follows:

*Resolved, etc.*, That the life of the committee provided for by Public Resolution No. 112 of the Seventy-fifth Congress creating a Joint Congressional Committee to Investigate the Adequacy and Use of the Phosphate Resources of the United States, and Public Resolution No. 48 of the Seventy-sixth Congress, and the time for making its final report is extended to January 15, 1941.

Mr. HATCH. Mr. President, I ask that the joint resolution be passed over.

The PRESIDING OFFICER. The joint resolution will be passed over.

#### ARRANGEMENTS FOR INAUGURATION OF PRESIDENT-ELECT IN 1941

The concurrent resolution (S. Con. Res. 32) authorizing the appointment of a joint committee to make arrangements for the inauguration of the President-elect of the United States in 1941, was considered and agreed to, as follows:

*Resolved, by the Senate (the House of Representatives concurring)*, That a joint committee consisting of three Senators and three Representatives, to be appointed by the President of the Senate and the Speaker of the House of Representatives, respectively, is authorized to make the necessary arrangements for the inauguration of the President-elect of the United States on the 20th day of January 1941.

#### URGENT DEFICIENCY APPROPRIATIONS, 1940

The bill (H. R. 8067) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal

year ending June 30, 1940, and for other purposes, was announced as next in order.

Mr. ADAMS. Mr. President, that is the urgent deficiency appropriation bill. I suggest that it be considered at the conclusion of the call of the calendar.

The PRESIDING OFFICER. Without objection, the bill will be passed over until the conclusion of the call of the calendar.

#### COMPENSATION OF CERTAIN EMPLOYEES, PANAMA CANAL ZONE

The bill (S. 3130) relating to the citizenship and compensation of certain employees on military construction work in the Panama Canal Zone was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.,* That every contract entered into by the Quartermaster Corps of the Army for construction and installation of buildings, flying fields, and appurtenances thereto in the Panama Canal Zone, pursuant to the provisions of the act of June 11, 1938 (Public, No. 590, 75th Cong.), the act of April 26, 1939 (Public, No. 44, 76th Cong.), the act of July 1, 1939 (Public, No. 164, 76th Cong.), and the act of August 9, 1939 (Public, No. 361, 76th Cong.), shall provide (a) that all personnel employed in such work and occupying skilled, technical, clerical, administrative, and supervisory positions shall be citizens of the United States; and (b) that the compensation of such persons shall not be lower than the compensation paid for the same or similar services to employees of the Panama Canal, as shall be predetermined by the Secretary of War.

Mr. THOMAS of Oklahoma subsequently said: Mr. President, a few moments ago Senate bill 3130 was passed. My attention was distracted from the proceedings for a moment, so I lost my opportunity to offer an amendment.

I offer an amendment to that measure at the request of my former colleague, Senator Gore. I do not ask that the amendment be considered now. I make the request that the vote by which Senate bill 3130 was passed be reconsidered, so that I may offer the amendment and have it printed and lie on the table.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the vote by which Senate bill 3130 was passed is reconsidered.

Mr. THOMAS of Oklahoma. I offer the amendment in question and ask that it be printed and lie on the table, and then at a later date those interested in this particular measure can have a chance to consider the amendment.

The PRESIDING OFFICER. Without objection, the amendment will be printed and lie on the table.

The amendment offered by Mr. THOMAS of Oklahoma is as follows:

Amendment intended to be proposed by Mr. THOMAS of Oklahoma to the bill (S. 3130) relating to the citizenship and compensation of certain employees on military construction work in the Panama Canal Zone, viz:

On page 2, line 7, change the period to a colon and add the following: "Provided, That during the calendar year 1940 only such manufactured articles, materials, and supplies as have been manufactured in the United States substantially all from articles, materials, or supplies mined, produced, or manufactured, as the case may be, in the United States shall be contracted for or acquired for such use. This proviso shall not apply if articles, materials, or supplies of the class or kind to be used or the articles, materials, or supplies from which they are manufactured are not mined, produced, or manufactured, as the case may be, in the United States in sufficient and reasonably available commercial quantities and of a satisfactory quality."

MATTIE N. COLE

The resolution (S. Res. 221) to pay a gratuity to Mattie N. Cole was considered and agreed to as follows:

*Resolved,* That the Secretary of the Senate hereby is authorized and directed to pay from the contingent fund of the Senate to Mattie N. Cole, widow of William N. Cole, late an employee of the Senate under supervision of the Sergeant at Arms, a sum equal to 6 months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

#### PAY OF CERTAIN EMPLOYEES OF GOVERNMENT PRINTING OFFICE

The Senate proceeded to consider the joint resolution (S. J. Res. 71) relating to pay to certain employees of the Government Printing Office for uncompensated leave earned during the fiscal year 1932, which had been reported from the

Committee on Printing with an amendment, to strike out all after the enacting clause and insert:

That in addition to any other leave of absence to which an officer or employee of the Government Printing Office may be entitled, leave of absence earned during the fiscal year 1932 which has not been taken by such officer or employee or for which he has not otherwise been compensated shall be granted (with pay at the rate to which such officer or employee was entitled at the time such leave was earned) by the Public Printer during the fiscal year ending June 30, 1941, under such rules or regulations as he shall prescribe.

The amendment was agreed to.

The joint resolution was ordered to be engrossed for a third reading, read the third time, and passed.

#### PROVISION FOR TITLE OF LIEUTENANT GENERAL IN DEPARTMENTS OF PANAMA AND HAWAII

The bill (S. 3200) to provide for the rank and title of lieutenant general of the Regular Army in the military departments of Panama and Hawaii was announced as next in order.

Mr. KING. Mr. President, may we have an explanation of the bill?

Mr. MINTON. I can say to the Senator from Utah generally, as a member of the Military Affairs Committee, that in the Department of Panama and the Department of Hawaii the commanding officers do not have the rank and title of lieutenant general as do the commanding officers in the corps areas in continental United States. The measure is simply designed to equalize the ranks of the various commanding generals.

Mr. KING. I have no objection.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.,* That the act entitled "An act to provide for the rank and title of lieutenant general of the Regular Army," approved August 5, 1939, is hereby amended to include the major generals of the Regular Army specifically assigned by the Secretary of War to command the Panama Canal and Hawaiian Departments.

#### EXCHANGE OF LANDS WITH RICHMOND FREDERICKSBURG & POTOMAC RAILROAD CO.

The bill (S. 2992) to authorize an exchange of lands between the Richmond, Fredericksburg & Potomac Railroad Co. and the United States, at Quantico, Va., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.,* That the Secretary of the Navy be, and he is hereby, authorized to transfer to the Richmond, Fredericksburg & Potomac Railroad Co., a corporation of the State of Virginia, by appropriate deed of conveyance, free from all encumbrances and without cost to the Richmond, Fredericksburg & Potomac Railroad Co. all right, title, and interest of the United States in and to the following parcels of land contained within the Marine Corps Reservation at Quantico, Va., as indicated by metes and bounds descriptions on blueprint "P. W. Drawing No. 665, approved August 19, 1938," and "Right of Way and Track Map of Richmond, Fredericksburg & Potomac Railroad Co. V-1/40," both on file in the Navy Department:

Parcel 1. Strip of land approximately ten feet wide and nine hundred feet long adjacent to and along the east side of the right-of-way of the Richmond, Fredericksburg & Potomac Railroad Co., containing two thousand and sixty-six ten-thousandths of an acre, more or less; and

Parcel 4. A strip of land twenty feet wide and twelve hundred feet long adjacent to and along the east side of the right-of-way of the Richmond, Fredericksburg & Potomac Railroad Co., containing five thousand and five hundred and nine ten-thousandths of an acre, more or less; in consideration of the transfer to the United States by appropriate deed of conveyance by the Richmond, Fredericksburg & Potomac Railroad Co., free from all encumbrances, and without cost to the United States, all right, title, and interest of the Richmond, Fredericksburg & Potomac Railroad Co., to the following parcels of land:

Parcel 2. A strip of land along the west boundary of the Richmond, Fredericksburg & Potomac Railroad Co. right-of-way between the center line of the old channel of Chopawamsic Creek and the 1877 channel change, containing five and three one-hundredths acres, more or less; and

Parcel 3. A strip of land between the west boundary of the Richmond, Fredericksburg & Potomac Railroad Co. and the 1877 channel



of Chopawamsic Creek, containing nine and forty-eight one-hundredths acres, more or less.

Sec. 2. The Secretary of the Navy is further authorized to acquire on behalf of the United States by purchase, condemnation, or otherwise, all right, title, and interest in any remaining small areas adjoining parcels 2 and 3 and the 1877 channel change of Chopawamsic Creek in order to adjust the boundary line of the Marine Corps Reservation.

Sec. 3. The right to alter, amend, or repeal this act is hereby expressly reserved.

#### PAYMENT OF COMMUTED RATIONS OF ENLISTED MEN

The bill (S. 3012) to amend the act entitled "An act making appropriations for the naval service for the fiscal year ending June 30, 1903, and for other purposes," approved July 1, 1902 (32 Stat. 662), relative to the payment of the commuted rations of enlisted men, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.,* That the act entitled "An act making appropriations for the naval service for the fiscal year ending June 30, 1903, and for other purposes," approved July 1, 1902 (32 Stat. 662), insofar as the provisions thereof are embodied in section 908 of title 34 of the United States Code, is hereby amended to read as follows:

"Money accruing from the commuted rations of enlisted men legally assigned to duty with officers' or other messes, afloat or ashore, may be paid under such regulations as may be prescribed by the Secretary of the Navy."

#### REIMBURSEMENT FOR FIRE DAMAGES AT MARINE BARRACKS, QUANTICO, VA.

The bill (S. 3068) to provide an additional sum for the payment of a claim under the act entitled "An act to provide for the reimbursement of certain personnel or former personnel of the United States Navy and United States Marine Corps for the value of personal effects destroyed as a result of a fire at the Marine Barracks, Quantico, Va., on October 27, 1938," approved June 19, 1939, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.,* That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, such sum not to exceed \$129.75, as may be required by the Secretary of the Navy to reimburse Private (First Class) Earl S. Rogers, United States Marine Corps, after claimant shall have filed itemized statement showing actual damages sustained by proper appraisal, and under such regulations as he may prescribe pursuant to the provisions of Private Act No. 56, Seventy-sixth Congress, approved June 19, 1939, for losses of and damages to reasonable and necessary personal property resulting from the fire which occurred at the Marine Barracks, Quantico, Va., on October 27, 1938: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

#### LAND AT FLOYD BENNETT FIELD

The bill (S. 3174) to authorize the Secretary of the Navy to accept, without cost to the United States, a fee-simple conveyance of 16.4 acres, more or less, of land at Floyd Bennett Field in the city and State of New York was announced as next in order.

Mr. McKellar. Mr. President, may we have an explanation of the bill?

Mr. Walsh. Mr. President, the purpose of the bill is to authorize the Secretary of the Navy to accept from the city of New York, without cost to the United States Government, a parcel of land containing about 16.4 acres at Floyd Bennett Field in the city of New York for use as a naval seaplane base, its more immediate need being in connection with the neutrality patrol.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.,* That the Secretary of the Navy is authorized to accept on behalf of the United States of America, from the city of New York, free of all encumbrances, and without cost to the United

States Government, a tract of land containing 16.4 acres, more or less, at Floyd Bennett Field in the city and State of New York, for use as a naval seaplane base: *Provided*, That the title to said land shall be satisfactory to the Attorney General and that the conveyance of said land shall be made to the United States of America and shall include the right of access for wheeled vehicles to the land conveyed from the highway bordering the said Floyd Bennett Field property on the westward, known as Flatbush Avenue; also the right of access over adjoining lands of Floyd Bennett Field for the purpose of transporting dredge material to be taken from the submerged or tidal lands adjacent to lands of Floyd Bennett Field for filling the land to be conveyed to a grade conforming to present grades of the Coast Guard reservation and the said Floyd Bennett Field, and also the right to lay, construct, and maintain through the Floyd Bennett Field property water lines, electric lines, telephone lines, gas lines, and other services as the Navy Department may find necessary for its proper and convenient use of the property acquired pursuant to the provisions hereof.

#### SIDNEY M. BOWEN

The bill (H. R. 5634) granting 6 months' pay to Sidney M. Bowen was considered, ordered to a third reading, read the third time, and passed.

#### HONORABLE DISCHARGE OF MINORS FROM NAVY AND MARINE CORPS

The bill (H. R. 5734) for the relief of World War sailors and marines who were discharged from the United States Navy or United States Marine Corps because of minority or misrepresentation of age was announced as next in order.

Mr. KING. May we have an explanation of that bill?

Mr. Walsh. Mr. President, the bill seeks to make the naval law conform with the military law. The act of January 19, 1929, provides that enlisted men who enlisted in the naval service under similar circumstances between April 6, 1917, and November 11, 1918, shall, if otherwise entitled to it, be considered to have been honorably discharged.

Mr. McKellar. How much will the measure cost?

Mr. Walsh. There will be no cost. Under the law as originally enacted, a youth under age, who was found to have enlisted during the period of war, was dishonorably discharged. By an act of the Congress that provision for dishonorable discharge has been removed, and such a youth is assumed to be honorably discharged. So under existing law, any youth enlisting in the Army or the Navy between the breaking out of the war on April 6, 1917, and November 11, 1918, who was under age, is now assumed to be honorably discharged.

The present law does not apply to a youth who fought during the war, but who enlisted prior to the breaking out of the war. The law applying to those who enlisted in the Army provides that those enlisting under 18 years of age prior to the breaking out of the war, though that fact was discovered after the war, need not be dishonorably discharged because of their age. Under existing law they are now held to be honorably discharged.

The pending bill puts the enlisted men of the Navy in the same position with the enlisted men of the Army, so that any youth who, before the outbreak of the war, as well as during the war, and up to the time of the end of the war, was under 18 years of age, who was so zealous and enthusiastic that he wanted to fight for his country before he reached the age of 18, shall be considered to be honorably discharged, provided there has been no subsequent misconduct.

Mr. KING. I was going to ask a question as to the latter consideration.

Mr. Walsh. There is a provision that it must appear that there was no subsequent misconduct.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed.

#### BILL PASSED OVER

The bill (H. R. 7922) making appropriations for the executive office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1941, and for other purposes, was announced as next in order.

Mr. Adams. This measure is the independent offices appropriation bill, 1941. I understand it is agreed that the

measure is not to be considered today. I ask that the bill be passed over.

The PRESIDING OFFICER. The bill will be passed over.

That concludes the calendar, with the exception of the urgent deficiency appropriations bill, which was temporarily passed over.

#### URGENT DEFICIENCY APPROPRIATIONS

Mr. ADAMS. I move that the Senate proceed to the consideration of Calendar No. 1205, House bill 8067, making appropriations to supply urgency deficiencies in certain appropriations for the fiscal year ending June 30, 1940, and for other purposes.

The PRESIDING OFFICER. The question is on the motion of the Senator from Colorado.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 8067) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1940, and for other purposes, which had been reported from the Committee on Appropriations with amendments.

The first amendment of the Committee on Appropriations was, under the heading "Legislative," on page 1, after line 7, to insert:

#### SENATE

For payment to Mary Borah, widow of William E. Borah, late a Senator from the State of Idaho, \$10,000.

The amendment was agreed to.

The next amendment was, at the top of page 2, to insert:

For repairs, improvements, equipment, and supplies for Senate kitchens and restaurants, Capitol Building and Senate Office Building, including personal and other services, to be expended from the contingent fund of the Senate, under the supervision of the Committee on Rules, United States Senate, fiscal year 1940, \$23,700.

The amendment was agreed to.

The next amendment was, on page 3, after line 15, to insert:

#### ARCHITECT OF THE CAPITOL

Senate Office Building: To reimburse the maintenance fund of the Senate Office Building for the fiscal year 1940 for necessary emergency expenditures for desks, chairs, stands, tables, and other equipment and supplies, for the use of the additional clerical assistants to Senators, under the provisions of Public Law No. 216, Seventy-sixth Congress, approved July 25, 1939, \$5,000.

The amendment was agreed to.

The next amendment was, at the top of page 4, to strike out:

#### EXECUTIVE

#### INDEPENDENT ESTABLISHMENTS

#### UNITED STATES CONSTITUTION SESQUICENTENNIAL COMMISSION

The portion of the appropriation for the Commission, contained in the Third Deficiency Appropriation Act, fiscal year 1939, which may be expended exclusively for personal services is hereby increased from \$5,000 to \$7,500.

The amendment was agreed to.

The next amendment was, under the heading "Navy Department—Replacement of naval vessels", on page 4, line 16, after the numerals "1940", to strike out "\$29,000,000" and insert "\$28,000,000", so as to read:

Armor, armament, and ammunition: For an additional amount toward the armor, armament, and ammunition for vessels heretofore authorized (and appropriated for in part), including the same objects and under the same conditions and limitations prescribed under this head in the Naval Appropriation Act for the fiscal year 1940, \$28,000,000, to continue available until expended.

The amendment was agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

#### EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

#### EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. CHANDLER in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations and a convention, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

#### EXECUTIVE REPORTS OF COMMITTEES

Mr. ASHURST (for Mr. NEELY), from the Committee on the Judiciary, reported favorably the nomination of Albert M. Rowe, of West Virginia, to be United States marshal for the northern district of West Virginia.

Mr. WALSH, from the Committee on Naval Affairs, reported favorably the nomination of Lewis Compton, of New Jersey, to be The Assistant Secretary of the Navy.

He also, from the same committee, reported favorably the nominations of sundry officers for appointment and promotion in the Navy.

Mr. MINTON, from the Committee on Military Affairs, reported favorably the nominations of sundry officers for appointment, by transfer, in the Regular Army, and also the nominations of several officers for appointment as general officers in the National Guard.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The PRESIDING OFFICER. If there be no further reports of committees, the clerk will state the nominations on the Calendar.

#### WORK PROJECTS ADMINISTRATION

The Chief Clerk read the nomination of Benjamin Marvin Casteel to be work-projects administrator for Missouri.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

#### UNITED STATES DISTRICT COURTS

The Chief Clerk read the nomination of William J. Barker to be judge of the United States District Court for the Southern District of Florida.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. ANDREWS. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of the nomination of William J. Barker to be judge of the United States District Court for the Southern District of Florida. I make this request because I understand that the President is leaving for Hyde Park this afternoon, not to return until probably Tuesday; and the regular term of the United States District Court for the Southern District of Florida begins next Monday.

The PRESIDING OFFICER. Without objection, the President will be notified.

Mr. McNARY. Mr. President, on account of the noise in the Chamber I did not hear the nature of the Senator's request.

The PRESIDING OFFICER. The Senator from Florida asked that the President be notified of the confirmation of the appointment of a judge in the southern district of Florida.

Mr. McNARY. Is the name of the nominee on the Calendar?

The PRESIDING OFFICER. It is, and the nomination has been confirmed.

The clerk will state the next nomination.

The Chief Clerk read the nomination of John Patrick Hartigan to be judge of the United States District Court for the District of Rhode Island.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

#### UNITED STATES ATTORNEY

The Chief Clerk read the nomination of Theron Lamar Caudle to be United States attorney for the western district of North Carolina.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

#### UNITED STATES MARSHALS

The Chief Clerk read the nomination of Julius J. Wichser to be United States Marshal for the southern district of Indiana.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.



The Chief Clerk read the nomination of Edwin D. Bolger to be United States marshal for the western district of Michigan.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

#### NATIONAL MEDIATION BOARD

The Chief Clerk read the nomination of David J. Lewis to be a member of the National Mediation Board.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

#### GOVERNOR OF ALASKA

The Chief Clerk read the nomination of Ernest Gruening to be Governor of the Territory of Alaska.

Mr. VANDENBERG. Mr. President, under the prevailing practice of "carpetbagging" the Governorship of Alaska, I have no objection to Mr. Gruening as a nominee. I merely wish to assert my belief that the residents of Alaska are highly justified in insisting that there is now a sufficient civilized population in Alaska so that it ought to be permitted to have one of its own residents selected as Governor. I hope this is the last "external" Governor who will be sent in that capacity.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

#### DISTRICT OF COLUMBIA

The Chief Clerk read the nomination of Melvin C. Hazen to be Commissioner of the District of Columbia.

Mr. BYRNES. I ask that the nomination go over.

The PRESIDING OFFICER. Without objection, the nomination will be passed over.

#### POSTMASTERS

The Chief Clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations of postmasters are confirmed en bloc.

That completes the calendar.

#### PROMOTIONS IN THE NAVY

Mr. WALSH. Mr. President, previously today I submitted a report from the Committee on Naval Affairs recommending the confirmation of various nominations for promotions in the Navy. I also submitted a report recommending the confirmation of the nomination of The Assistant Secretary of the Navy. I do not ask that the latter nomination be taken up now. I suggest that it remain on the calendar. However, with respect to the list of naval officers who are recommended for promotion, I ask that those nominations be now confirmed, only for the reason that such action will save a great amount of reprinting in the CONGRESSIONAL RECORD. The promotions referred to are matters of a perfunctory nature.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Massachusetts? None is heard, and the nominations for promotions in the Navy are confirmed.

#### INSURANCE STUDY BY TEMPORARY NATIONAL ECONOMIC COMMITTEE

The Senate resumed legislative session.

Mr. O'MAHONEY. Mr. President, I think it is usually the case, when a committee of Congress undertakes an investigation or study of any kind, that persons who are called before the committee are sometimes inclined to feel a little apprehensive as to the purposes of the committee, and also as to the method the committee may follow.

This has been the case with respect to the study of the Temporary National Economic Committee. Certain misapprehensions of the work and purposes of the committee have been current during the past 3 or 4 months, particularly with respect to the study of insurance which has been in progress. Articles have been published attributing to the committee purposes and motives which the committee itself has never entertained. Upon numerous occasions the chairman of the committee has been at great pains to iterate and reiterate that the only object of the committee is to gather substantive facts regarding the economic situation and to present them

in such a form that they may be studied not only by the committee but by the public also.

During the past month or so several Members of Congress have received letters from persons engaged in the insurance business giving expression to some of the fears to which I have alluded. On January 22 I wrote a letter to Representative TAYLOR of Colorado, chairman of the House Appropriations Committee, to whom one of these letters had been addressed. In my communication to him I undertook to explain in detail the purpose of the committee and attempted to set at rest some of the mistaken notions as to what the committee is trying to do.

Mr. President, I ask unanimous consent that the letter which I have written to Representative TAYLOR, together with the accompanying documents, be printed in the RECORD. I do this in order that a correct statement may be available to all Members of Congress to whom such inquiries have been addressed.

Mr. BYRNES. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I shall be glad to yield.

Mr. BYRNES. Last fall the insurance commissioner of my State and a number of insurance agents came to see me about the rumor to which the Senator has referred. I should like to know whether or not, in the letter addressed to the Representative from Colorado, the Senator from Wyoming made any statement as to whether or not the committee intends to recommend to the Congress at this session that legislation be enacted providing for Federal supervision of insurance, or for some agency of the Government going into the insurance business. Such was the statement that had been communicated to the insurance officials of my State and to persons engaged in the insurance business. If the committee has no such plan at this time, I think publicity should be given to the statement of the Senator from Wyoming, so that the insurance people will not be unduly alarmed.

Mr. O'MAHONEY. I can say without reservation or qualification of any kind that the committee has never met to consider recommendations with respect to insurance; and no member of the committee has ever suggested to the chairman that either of the policies which the Senator has just mentioned should be adopted, or that any recommendation of that character should be made.

Mr. BYRNES. Mr. President, will the Senator further yield?

Mr. O'MAHONEY. I yield.

Mr. BYRNES. Is the statement made by the Senator in accord with the statement communicated to him by Representative TAYLOR, of Colorado, to whom the Senator's letter was addressed?

Mr. O'MAHONEY. Yes.

Mr. BYRNES. Has the Senator any idea as to the origin of the statement which caused persons throughout the country to obtain the impression referred to?

Mr. O'MAHONEY. Oh, yes.

Mr. BYRNES. I shall be very glad to hear it.

Mr. O'MAHONEY. The statement originated from two principal sources. In the first place, there appeared in a recent issue of the Nation's Business, which is published by the United States Chamber of Commerce, an extensive article on insurance, and in this article certain purposes were attributed to the committee. Among those were not only those which the Senator has mentioned, but also the purpose of destroying the agency system of selling insurance. That is also a complete and utter misapprehension.

As a matter of fact, I have never heard any member of the committee indicate anything but the greatest sympathy for the agency system. Speaking for myself, I have no hesitation whatever in saying that my deepest conviction is that the solution of the Nation's economic troubles does not lie along the road of the expansion of Government activity or competition by Government with private industry. My conviction is that the best service we can render to the people of the United States is to stimulate free private enterprise. So it would be far from the chairman's thought to give support to any such proposal; and I am confident that no such proposal could

receive an affirmative vote in the committee, if, indeed, it should be suggested.

Mr. KING. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I shall be glad to yield to the Senator from Utah.

Mr. KING. Is it not a fact that the only statement made by the committee with respect to its activities was the preliminary report, which dealt largely with patents? As I understand, that is the only authorized expression by the committee of any of its opinions or conclusions reached during the hearings.

Mr. O'MAHONEY. Absolutely. Not only is that true, but I will say that I have questioned members of the committee with respect to certain published conclusions which were attributed to them, and as yet I have been unable to find any member of the committee who would assume for himself the responsibility for making any such suggestions.

I will say to the Senator from South Carolina [Mr. BYRNES], with respect to his inquiry regarding Federal supervision of life insurance, or insurance of any kind, that it is an amusing fact that strong arguments have been made by insurance companies to support Federal jurisdiction over the business. In the article which appears in the Nation's Business, two cases were cited—the case of Paul against Virginia and the case of New York Life Insurance Co. against Deer Lodge, Mont.—with both of which Senators are familiar. These cases were cited to support the conclusion that insurance is not commerce within the commerce clause of the Constitution, and therefore should not be subjected to any kind of Federal supervision. The curious fact is that both of those cases were brought by insurance companies, which entered the courts for the purpose of trying to prove that insurance is a national business and should not be regulated by the States.

In the case of Paul against Virginia, the State of Virginia had enacted a statute providing that no foreign insurance company should be permitted to sell life insurance in that State without first having obtained a license from the State. One of the requirements for securing such a license was the deposit of a certain amount of bonds with State authorities. The insurance company instructed its agent, a man by the name of Paul, to make application for a license but to refuse to file the bonds so that he might be arrested and prosecuted in order that a test case should go to the United States Supreme Court. The issue there was whether or not there should be State regulation of insurance, and this particular company was seeking legal authority to resist that sort of regulation.

The same was true in the Deer Lodge case. There the New York Life Insurance Co. was at great pains to prove that the business of insurance was so national in scope, so interstate in character, that it should be relieved of State taxation.

Mr. BYRNES. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Wyoming yield to the Senator from South Carolina?

Mr. O'MAHONEY. I yield.

Mr. BYRNES. The statement of the Senator is that not only has the committee not agreed upon any such recommendation but the chairman of the committee does not know of any member of the committee who is urging or advocating either of the two proposals to which I have referred?

Mr. O'MAHONEY. Certainly not. No such proposal has been made or urged upon the committee.

Mr. BYRNES. It seems to me that it is only one of many cases where somebody has deliberately attempted to tear down the work of the committee by arousing sentiment against it throughout the country. My hope is that in some way the statement of the Senator may be carried to the country. I do not say it is so in this instance, but sometimes such things are prompted by the desire of somebody to frighten businessmen into employing representatives to save them from the "terrible" Congress. Whether that is the case or whether there is a sincere fear underlying sugges-

tions which have been made is something we cannot pass upon, but I am accepting without any question at all the statement of the Senator from Wyoming, and it demonstrates that many able businessmen throughout the country have been imposed upon.

Mr. O'MAHONEY. Of course, I cannot pretend to forecast what recommendation the committee may eventually desire to make, but I can express my own well-founded opinion, and I do assert in the most emphatic way that somebody has been erecting a straw man for the purpose of knocking him down and at the same time perhaps of casting some impediments in the way of the committee.

May I be permitted here at this point to say that when the committee was created it was widely prophesied that the purpose of the committee was to embark upon a witch hunt? Many of the columnists who send out their interesting reports from Washington made the prediction, "This is going to be a witch hunt; an effort will be made to pillory business; an effort will be made to victimize the leaders of business." This committee has been in existence now for considerably more than a year, and it certainly ought to be significant to business leaders and to the public generally throughout the country that nobody has yet been hanged by the committee.

Mr. President, in view of the fact that this discussion has taken more time than I thought it would at the beginning, I shall modify my request and now ask that the letter and documents to which I referred be printed in the body of the RECORD in connection with the remarks of the Senator from South Carolina [Mr. BYRNES], the Senator from Utah [Mr. KING], and myself.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The letter and documents referred to are as follows:

#### INSURANCE INDUSTRY NOT UNDER ATTACK

UNITED STATES SENATE,  
Washington, D. C., January 22, 1940.

HON. EDWARD T. TAYLOR,

House Office Building, Washington, D. C.

DEAR MR. TAYLOR: Mr. James R. Brackett, executive secretary of the Temporary National Economic Committee, has handed me your letter of January 15 with enclosures from two of your constituents commenting upon the study of insurance which has been presented to this committee by the Securities and Exchange Commission. Since both of these letters give expression to certain misapprehensions which are now current with respect to this study, I shall venture to discuss the matter in more detail than might otherwise seem necessary. I shall also take the liberty of making the letter public.

In the first place, let me say that as long ago as November 14, 1939, in response to an inquiry from Hon. George E. Allen, Commissioner of the District of Columbia, who had an engagement to speak to the Massachusetts Insurance Society the following week, I wrote him a letter with respect to these reports. In that letter I said:

"I am most happy to authorize you to say on my behalf that there isn't the slightest basis for the intimations appearing in certain insurance journals that the committee, or any member of its staff, is promoting any scheme for Government competition with the insurance industry \* \* \*."

"As has been indicated by the message of President Roosevelt in which he recommended this economic study and by frequent statements of the chairman, statements which have never been controverted by any member of the committee or its staff, the sole objective of the committee is to promote free, private enterprise. Statements to the contrary are wholly unwarranted."

These statements are as correct today as when I wrote them. Moreover, before my letter to Mr. Allen was placed in his hands I submitted it to Commissioner Leon Henderson of the Securities and Exchange Commission and to Mr. Gerhard A. Gesell, special counsel for the Securities and Exchange Commission, who has presented the insurance study to our committee. Neither of these gentlemen offered any objection to the letter so that it may be taken not only as the expression of the chairman of the Temporary National Economic Committee, but also as the expression of those members of the committee and of its staff who are associated with the Securities and Exchange Commission.

If you will examine again the letters which you have received, you will find that like others which have been sent to other Members of Congress they rely not upon anything that has been recommended by this committee but solely upon the predictions, assumptions, suspicions, and fears of the writers as to what the committee may do. No one knows better than you how perfectly impossible it is to disprove the accuracy of a prophecy, yet practically all of the allegations which are now being circulated among Members of Congress are based upon predictions of what the committee



intends to do. I can only say to you that I have no reason whatever to place any credence in these direful predictions.

Upon investigation I find that the letters now coming to Members of Congress from persons engaged in the insurance industry and from a few State commissioners appear to have been based upon a memorandum recently distributed to the industry by Col. C. B. Robbins, manager and general counsel of the American Life Convention with offices in Chicago. Colonel Robbins was good enough to place a copy of this memorandum in my hands last Saturday. I have since read it and find in it and in the special bulletin and form letter which accompanied it at least several statements which are not substantiated by any facts which have come to my knowledge. Let me list some of them:

1. The covering letter transmitting the American Life Convention pamphlet explains its circulation with the statement:

"It was thought advisable to warn them (Members of Congress) of the desire of some members of the Temporary National Economic Committee for Federal supervision of all life insurance, together with the taking over by the Government of industrial insurance and merging it with the social-security system."

2. The letter implies that it is the purpose of the committee, or some of its members, to abolish the agency system of selling life insurance.

3. These inferences are carried throughout the pamphlet with certain additional inaccuracies as, for example, the following prophecy which, so far as I can find out, is altogether without foundation:

"Any proposal for Federal supervision and control would not emanate from policyholders—its source would be purely political—and should one of the principal purposes behind it be to secure indirect but effective dominion over the \$30,000,000,000 held in trust by the companies, its accomplishment would be a calamity."

4. The pamphlet sets forth that the insurance business "has been subjected to an injurious and unfair attack" and that "no opportunities have been given for companies to reply to insinuations in questions as to their practices, nor have the witnesses been permitted to make full statements while answering trick questions propounded to them by the counsel."

There are other inaccuracies which could be noted, as, for example, the statement in the covering letter that the Securities and Exchange Commission has 64 investigators at work among the companies while, as a matter of fact, the Securities and Exchange Commission advises me that at the present time it has only 8 investigators in the field and has never had more than 12. Let me, however, deal with these important statements which I have listed:

1. No member of the committee, or of its staff, has ever intimated to me that the Government should take over industrial insurance, nor has any suggestion ever been made to me by any person associated with this committee that industrial insurance should be merged with the social-security system. Moreover, the committee has never discussed any such proposal at any meeting and it has never made any recommendation at all.

It is true that Senator WAGNER, of New York, has been quoted in the newspapers as favoring a Federal annuity system under the Social Security Board. It should be noted that Senator WAGNER is not a member of this committee and therefore his views cannot be imputed to the committee. Moreover, his proposal has never been discussed by the committee.

2. With respect to the allegation that this committee wants to undermine the agency system, I am glad to be able to assure you that there is not the slightest foundation for any such report. I know of no member of the committee or of the staff who has even intimated such a proposal.

3. The suggestion that one of the principal purposes behind the study is to enable the Federal Government to secure domination of insurance-company reserves is utterly fantastic. Even if such a proposal were suggested, and no such suggestion has been made, I do not hesitate in expressing my opinion that this committee would never for one moment consider submitting any report or any recommendation which would in the slightest degree lend color to this assertion.

4. With respect to the charge that witnesses have been compelled to answer trick questions and that no opportunity has been given to the companies to reply to insinuations, let me say that in the insurance hearings, as in every other hearing, every witness was given full opportunity to be accompanied by his lawyer on the stand. In most cases the witnesses knew in advance the type of question that was to be submitted and the general tenor of the examination. From the very outset the committee has taken every precaution to give the fullest opportunity to every witness and to every company. It may be worth while noting that only last week, at the conclusion of the study of cartels, two very distinguished business executives, Mr. Cornelius F. Kelley, head of the Anaconda Copper Co., and Mr. E. T. Stannard, president of the Kennecott Copper Co., both publicly commented at the hearings upon the fairness with which the committee had acted and the fairness of the hearing itself.

Let me assure you that we have not been conscious of any purpose or desire to be otherwise with the representatives of the insurance industry. Several months ago this committee issued a public invitation to industry to make presentation to the committee of its own views in its own way. This invitation was accepted by the oil industry and by the steel industry. I think an examination of the record in the former case will support the statement that a more complete and authoritative study of the oil in-

dustry has never been made. I trust that the same may be true of the steel industry, the hearings upon which are still in progress.

This invitation has been open to the insurance industry. It is still open and at the next executive meeting of the committee it will be my purpose to propose that a special invitation be extended to the insurance industry to present to this committee its own story in its own way. In order that you may know the manner in which such hearings are conducted, I am attaching a copy of the procedure which the committee has laid down for such an industrial presentation.

It is just as true now as it was in the beginning of these hearings that the only purpose of the committee has been to make an objective study of our economic system. You may, with perfect confidence, thus assure all persons who make inquiry of you.

I venture to add here the opinion which I have expressed upon many occasions, that economic freedom is just as essential to the happiness and prosperity of our people as religious and political liberty, that the extreme need of our time is the elimination of all restraints upon economic opportunity, and that business itself needs the liberation of the natural person from regimentation from economic forces as well as his protection from regimentation by government. Both business and government are intended to serve people. My interest in the work of the Temporary National Economic Committee and, so far as I have been able to observe, the interest of every member of the committee has been to preserve this economic freedom.

Sincerely yours,

JOSEPH C. O'MAHONEY.

[Copy of special bulletin referred to in par. 7 of Senator O'MAHONEY'S letter]

Special bulletin, American Life Convention, Executive Offices, 230 North Michigan Ave., Chicago

December 1, 1939.

LIFE INSURANCE SHOULD BE SUPERVISED, REGULATED, AND GOVERNED BY LAW IN THE STATES

Enclosed herewith is a copy of the pamphlet just issued by the convention, prepared by a committee composed of Messrs. C. A. Craig, T. A. Phillips, and Claris Adams, working in conjunction with convention headquarters.

The pamphlet has been examined, edited, and approved by the executive committee of the convention. It is being sent to all vice presidents of the convention, together with a letter, a copy of which is enclosed with this bulletin, and which is self-explanatory.

Should you desire more copies of this pamphlet, kindly notify convention headquarters, and we will mail them to you for use by your officers and agents in the manner in which you think will be most useful.

C. B. ROBBINS,

Manager and General Counsel.

[Copy of form letter referred to in par. 7 of Senator O'MAHONEY'S letter]

AMERICAN LIFE CONVENTION,

December 1, 1939.

DEAR MR. —: A resolution was passed at the last annual meeting of the American Life Convention, directing the executive committee to prepare a vigorous and effective campaign of education for the purpose of advising Members of Congress of a possible purpose behind the present investigation by the Temporary National Economic Committee in Washington. It was thought advisable to warn them of the desire of some members of the Temporary National Economic Committee for Federal supervision of all life insurance, together with the taking over by the Government of industrial insurance, and merging it with the social-security system. During the course of the investigation savings-bank life insurance has been held up as a model institution in view of the fact that no agents' commissions are paid, and the agency system of selling life insurance has been severely criticized.

Pursuant to this resolution, the enclosed pamphlet has been prepared, and approved by the executive committee, with the thought that each State vice president of the convention would contact, through personal interviews, the Members of Congress from his State, and give them a copy of the pamphlet for their information. He could also ascertain the attitude of the Members of Congress toward the objectives of those members of the T. N. E. C. who desire Federal supervision and absorption by the Government of industrial insurance. I am sending you, under separate cover, 25 copies of the pamphlet. Should you desire any more from time to time please advise us and they will be forwarded to you promptly. Inserted in the pamphlet you will find a mimeographed copy of a recent address by Hon. James M. McCormack, commissioner of insurance and banking for the State of Tennessee.

The — companies in — are likewise members of the convention. I am sure that they will cooperate with you in this matter, and if you will contact them, asking that they see the Congressmen nearest their home offices, the work of interviewing all the Members of Congress from your State will be distributed so that your task will be considerably lessened. I am sending each company a copy of this letter so that they may be advised as to what is being done.

May I have your assurance that you will see to it that every Member of Congress and both Senators from your State are interviewed by you or by one of the executives of the member companies in your State.

We do not believe congressional members of the T. N. E. C. are in sympathy with the critical attitude of the departmental members in the investigation—criticism seems to come largely from the Securities and Exchange Commission and other departmental members of the Committee.

It will also be interesting to you to know that, at the present time, we are informed that the S. E. C. has 64 investigators among the companies, obtaining minute information as to conduct of the offices of the companies, examining files, etc. You are probably familiar with the questionnaire which was recently sent to all State insurance commissioners, inquiring closely into the conduct of the various State departments. It is our understanding that this questionnaire will be considered at the commissioners' meeting in Biloxi, Miss., December 6-9, inclusive.

Copies of the pamphlet are being sent to nonmember as well as member companies, and if you know some executives of nonmember companies in your State, I am sure they will assist in the work of contacting members of Congress.

I enclose a list of the Congressmen and Senators from your State. Will you please advise me from time to time, as you have interviewed them, what the results of your efforts have been.

If you desire further information, or if we can be of any assistance to you, please write me and I will be delighted to give you anything which the convention has on this matter.

Cordially,

C. B. ROBBINS,  
Manager and General Counsel.

[Copy of pamphlet referred to in par. 7 of Senator O'MAHONEY'S letter]

**LIFE INSURANCE SHOULD BE SUPERVISED, REGULATED, AND GOVERNED BY LAW IN THE STATES**

(American Life Convention, executive offices, 230 North Michigan Avenue, Chicago, Ill.)

This pamphlet is issued in pursuance of a resolution of the American Life Convention, adopted at its annual meeting in Chicago, Ill., on October 4, 1939, the resolution being as follows:

"Whereas the American Life Convention did on the 5th day of December 1905 adopt the following resolution:

"Resolved, that we are opposed to any interference with State supervision and control of life-insurance companies, that Federal supervision is not expedient. \* \* \* We endorse strict State supervision," and

"Whereas on the 10th day of October 1914, the convention did approve the following declaration:

"Inasmuch as an insurance congress is to be held at San Francisco in 1915, at which congress the subject of Federal supervision of life insurance is likely to be one of the topics under discussion, we recommend that any delegate or delegates of the American Life Convention to said insurance congress be instructed to advocate at all reasonable times the original declaration and the subsequently reiterated expressions of the American Life Convention in favor of State supervision and against Federal supervision, and to oppose all efforts to commit the insurance congress to Federal supervision, whether by constitutional amendment or otherwise," and

"Whereas, under the existing system of State supervision in the most trying times in the country's history by the faithful discharge of obligations, life-insurance benefits accruing to living insureds and beneficiaries of the deceased have unquestionably greatly relieved the economic stress and demonstrated the soundness of the institution of life insurance, and

"Whereas the record of performance of life insurance is proof of the efficiency and adequacy of State regulation;

"Now, therefore, the American Life Convention, composed of 154 life-insurance companies, with home offices in 40 States of the Union and the District of Columbia, does reaffirm its previous declarations of principle affecting examinations, favoring State supervision and opposing Federal regulation; and be it

"Resolved, That an organized effort be made to more fully inform the public, and that the executive committee of the American Life Convention be, and is hereby, authorized to take such action as by it may be deemed to be advisable to conduct a vigorous and effective campaign of education."

**LIFE INSURANCE SHOULD BE SUPERVISED, REGULATED, AND GOVERNED BY LAW IN THE STATES**

Life insurance is an institution serving 65,000,000 American citizens through more than 300 companies domiciled in virtually every State in the Union. Through this instrumentality the people of this country have accumulated savings of approximately \$450 per policyholder. This is the result of a century of effort through individual initiative and is an achievement of free enterprise. In many ways it is uniquely an American institution, for while there are life-insurance companies in every nation in the world, almost two-thirds of all life insurance is held by thrifty Americans.

The amazing growth in life insurance didn't just happen; it was due to a number of causes. People came to realize that the system on which it was founded provided the greatest measure of safety for those seeking economic security. This public confidence was due to strict investment laws and thorough supervision

in the various States, to the wise management of companies themselves, and to the earnest and conscientious efforts of 200,000 life underwriters who are the apostles of optimism, spreading the gospel of life insurance and its benefits to every nook and corner of the Nation.

Prior to the recent great depression life insurance had successfully weathered the disastrous effects of the crises of 1857, 1873, 1893, and 1907, meeting its obligations in full, while other financial institutions had failed in great numbers, with consequent losses to their investors and depositors. When the crisis of 1929 started the great depression, life insurance met this greatest stress of all with the same degree of reliability and solvency.

During the darkest days in the early years of the depression the life-insurance companies paid out to their policyholders \$8,300,000 per day, and for the total of this period, ending in 1938, the sum of \$23,590,268,703. They are continuing to meet their responsibilities and discharge their obligations with a full measure of financial honor. For more than half of our population, consisting of frugal and thrifty people who endeavor to provide not only for their loved ones in case of death, but for their own old age as well, life insurance is the greatest social security in the world.

While a few companies had their reserves impaired by reason of the tremendous fall in the value of securities, the total loss to policyholders by reason of liens imposed upon their reserves in companies which failed, amounted to less than two-thirds of 1 percent of the total sum entrusted to the companies by their policyholders.

It is unfortunate that this magnificent structure which has been built by the thrift and frugality of our citizens, and maintained through strict State laws, thorough supervision, and able management, should be subjected to an unjust and unfair attack.

The investigation now being carried on by the Temporary National Economic Committee was primarily authorized for the purpose of investigating monopoly in the United States. The actual investigation of life insurance as carried on through the instrumentality of the Securities and Exchange Commission has wandered far afield from this stated purpose and from the original intent of the investigation as proposed in the message of the President to the Congress suggesting an investigation, from the resolution of Congress itself authorizing it, and from the statement of William O. Douglas, then Chairman of the Securities and Exchange Commission, made on February 6, 1939, in which he defined the purpose of the investigation. Until recently it has been difficult to evaluate the motives behind the Securities and Exchange Commission investigation. After starting out with an investigation of the election of directors in mutual companies, the Committee passed to an investigation of premium rates, lapsation, agency turn-over, agency commissions, and in fact has run the gamut of nearly every phase of life-insurance activity except that which it was authorized to investigate, and the investigation itself has been critical to the extreme. No opportunities have been given for companies to reply to insinuations in questions as to their practices, nor have the witnesses been permitted to make full statements while answering trick questions propounded to them by the counsel. In fact, the tenor of the investigation is that of a prosecution rather than an impartial inquiry, and anything of a critical character has been headlined and publicized through every facility at the command of the Securities and Exchange Commission. The entire course of the investigation as conducted and the attitude of those charged with conducting it would indicate that the ultimate object of the investigation is to build up a case against State supervision and for Federal control of the business. The evidence introduced in regard to industrial life insurance would indicate an intention to recommend the introduction of a bill which has as its object the virtual elimination of all private industrial life insurance in the United States by enlarging the scope of the activities of the Social Security Board to provide for such industrial life insurance at the expense of the taxpayers of the United States.

The United States Government entered the life-insurance business during the war as a means of life-insurance protection for the men engaged in military service. The total war-risk insurance issued to 4,529,000 individuals at one time amounted to \$39,606,000,000, and the total amount of premiums paid on this insurance to September 30, 1939, is \$453,973,000, and there has been paid in death and total permanent disability claims thereunder the sum of \$2,048,000,000, and about \$218,000,000 more will be required to complete the monthly installment benefits under this insurance.

United States Government life insurance since the war has decreased to \$2,546,144,568, and has been carried on with the entire cost of administration paid from the general fund of the United States Government raised through taxation. Nevertheless the cost to policyholders is little, if any, less than that which could be obtained in a number of representative private companies.

Should the United States Government take over the business of industrial life insurance and merge it with the Social Security Act the overhead cost thereof would be borne by the people of the United States through taxation, just as the overhead cost of the present Government life insurance is borne.

The natural inquiry which comes to the mind of any impartial observer is the question as to any necessity of interfering with and upsetting the present magnificent structure of life insurance in order to have the Government of the United States, with an enormous cost to its people, further enlarge its activities in this field, and the further question as to why it is necessary for the Federal Government to endeavor to regulate, supervise, and control life insurance companies when the very record of the institution of life insurance itself speaks louder than any words can speak for the efficiency of



State regulation, and the wise protection afforded policyholders by the various laws throughout the States governing life insurance.

Let us now consider briefly the reasons why supervision of life insurance should be maintained under State jurisdiction rather than Federal jurisdiction.

#### ADVANTAGES OF STATE SUPERVISION

The State system of regulation by commissioners enables quick decisions on timely subjects and the decentralization of this system makes possible the application of individual attention to special circumstances within each particular locality. The exigent nature of the business demands that the offices of authority be instantly available when needed. State commissioners, being local men familiar to the community, are accessible to the policyholder, the small company, and the large company alike.

Necessary regulatory adventures in new fields, although designed to be beneficial, may be disastrous for lack of means to judge their effects. Under decentralized State supervision the consequences of these mistakes are localized and the very sine qua non of insurance—wide distribution of risk—proves its worth. By withdrawal from a State, the strength of a national structure may be saved from the well-intended but misguided requirements of a single supervisory authority. No escape would be possible from the errors of a Federal authority.

The dangers which would beset the industry should such an abundance of power and responsibility be centralized in one person's hands are manifest. Today these decisions, so vital to the security of the entire Nation, are the product of the independent observations of the commissioners of 48 States, the District of Columbia, and the Territories, brought together in the national meetings and frequent conferences of the National Association of Insurance Commissioners, to be sifted and tested by the experience of men familiar with peculiarities of each corner of the country. State supervision is good or bad, according to the merits of the best of this commissioners, whereas Federal supervision must be good or bad according to the qualities of one man, unchecked by the work of coordinate officials.

The National Association of Insurance Commissioners, which comprises within its membership the insurance governing body of every State and Territory in the Union, has its committees dealing with every phase of life insurance, and a system of coordination of laws, rules, and regulations has been built up by this body which has synchronized the general supervision of life insurance, while leaving State laws free to deal with conditions peculiar to any one State. The growth of life insurance in volume and its strength attest the efficiency of this method of supervision.

#### DISADVANTAGES INHERENT IN TRANSFER OF CONTROL

Transition to Federal supervision would mean the abandonment of a great body of common law which time alone can replace. Years of litigation have so thoroughly tested and interpreted the now generally standardized provisions of the State insurance codes that obligations may be undertaken with the degree of certainty which is essential to a business founded on legal relationships. Policy forms and general practices have been developed and designed to conform to these laws so construed.

Companies doing business in several States would be answerable to one authority—the Federal Government—while a company doing business entirely within its home State would be answerable to another—the State government. The competitive advantage to be had in differences between the laws governing a nationally supervised and a locally supervised company operating in the same State will foster a rivalry for legislative favoritism. A business now united in its appeal for just and nondiscriminatory legislation would be divided in a struggle for regulatory advantage.

#### DISADVANTAGES OF FEDERAL SUPERVISION

Federal supervision would serve only to centralize still further the power of our central government where there is already too much centralization.

There is no indication that a National Administrator of Insurance would be any more efficient than State commissioners.

The past record of Federal administration of various commercial activities, such as the railroads and the national banks, certainly has nothing to commend it by way of success.

Life insurance recognizes the need of supervision for its own good as well as in the interest of policyholders and the public. It is mostly concerned, however, in the quality of supervision and naturally shrinks from dual supervision. It does not believe that all State laws (both case and statutory) governing the relation between insurer and insured can be replaced by a body of Federal laws, and only in such case can we have Federal supervision. Supervision and regulation must derive authority from the same source whence come the laws regulating the business supervised.

It is utterly impossible to have a centralized Federal Code which could govern the investment functions of the companies' business, for the reason that conditions differ so widely in various parts of the country that what is advisable under conditions in New York, and now permitted by law there, would be inadvisable under conditions prevailing in some Western or Midwestern State and its laws.

Centralized control of life insurance by a single governmental agency naturally arouses apprehension of political tampering with the investment of trust funds of the most sacred character. We frankly fear that the power of coercion inherent in supervision by a single Federal bureau might be used to force the financing

of Federal projects, economic experiments, and pet political schemes by successive administrations.

Any proposal for Federal supervision and control would not emanate from policyholders—its source would be purely political—and should one of the principal purposes behind it be to secure indirect but effective dominion over the \$30,000,000,000 held in trust by the companies, its accomplishment would be a calamity. Few things are more important to more people in America than keeping politics out of life insurance. The decentralized nature of State supervision minimizes such a danger. The centralized character of Federal control would magnify it.

If it is proposed to superimpose Federal supervision upon State supervision, as has been vaguely hinted by some members of the Temporary National Economics Committee, you would have Federal supervision making a decision in one State which would be contrary to the decision it would have to make in another State, due to the divergence of State laws, and the whole matter of supervision would be involved in such a mass of contradictory decisions that the only result would be a continued harassing of companies who would be trying to serve two masters at the same time.

#### PRESENT STATUS OF LIFE INSURANCE AS DETERMINED BY THE SUPREME COURT OF THE UNITED STATES

The status of insurance as commerce was first brought before the Supreme Court of the United States in 1863, and that Court decided in the case of *Paul v. Virginia* (8 Wall. 168), that insurance contracts were not articles of commerce in any sense of the word, and the decision in that case was not questioned until 1913, when the Supreme Court in deciding the case of *New York Life Ins. Co. v. Deer Lodge County* (231 U. S. 495), held:

"The character of a policy of insurance as a personal contract is not changed by their number or the residence of the parties, by centralization of control at the home office, by employment of agents with limited authority, nor by great and frequent use of the mails," and decided that life insurance was not commerce. This line of decisions has been upheld in more than 20 cases by the Supreme Court and as recently as 1938. The Honorable Frank N. Julian, superintendent of insurance of Alabama, and then president of the National Association of Insurance Commissioners, in discussing this line of decisions, said last December:

"Shall the sound decisions of our highest courts be set aside that new powers may be taken over and lodged in centralized Federal bureaus? Shall the rights of the State be ruthlessly cast aside? Shall the supervision through State departments—a plan that for 70 years has proven its worth and aided in building the greatest insurance system in the world—be delegated to the long list of powers usurped by Federal agencies? Shall the great institution of insurance be placed beside those business enterprises that cannot develop because of red tape \* \* \*?"

#### SUMMARY

To summarize, the life-insurance business is being conducted economically and with a degree of financial honor and integrity unsurpassed by any other financial institution. It has grown and prospered under State supervision until it has become the greatest financial institution of the United States and has grown because the people have confidence in it. Federal supervision at best would be an illogical and probably an unconstitutional arrogation of power to the detriment of State sovereignty and State rights.

Mr. KING. Mr. President, will the Senator from Wyoming yield to me?

The PRESIDING OFFICER. Does the Senator from Wyoming yield to the Senator from Utah?

Mr. O'MAHOONEY. I am glad to yield to the Senator from Utah.

Mr. KING. It may be that representatives of some of the Government agencies that have been engaged in searching for evidence and obtaining data—and they have searched very diligently in the files of many of the corporations of the United States—have inadvertently or otherwise conveyed the idea that certain policies were adopted, or would be adopted, or ought to be adopted, by the committee. I have heard suggestions that statements which have been attributed to representatives of some of the agencies that have been investigating or making the surveys have not always been clear and fair, and that they have conveyed an erroneous idea, namely, that a department of the Government intended to take over certain activities that now belong to private endeavor.

Mr. O'MAHOONEY. Let me say in that connection that two suggestions particularly were made: First, that it was the intention of the S. E. C., which is represented upon the committee and which has been conducting the insurance study, to undermine the agency system and to provide that industrial insurance shall be taken over by the Government. I have inquired of Commissioner Leon Henderson, who has been most active in the work of the committee, and of Mr. Gerhard

Gesell, counsel for the S. E. C. in charge of this study, and both these gentlemen concur absolutely in the statement that there is no basis for either of these charges.

Mr. HARRISON. Mr. President, I am glad the Senator from Wyoming has made this explanation because in common with other Members of Congress I have had many letters regarding it.

However, I want the floor in my own right.

The PRESIDING OFFICER. The Senator from Mississippi.

#### PRIVATE LOANS TO FINLAND

Mr. HARRISON. I ask to have read to the Senate an editorial which appeared in the Washington Daily News of today with reference to a question about which we have heard much, namely, loans to Finland.

The PRESIDING OFFICER. Without objection, the editorial will be read as requested.

The Chief Clerk read as follows:

#### PRIVATE LOANS TO FINLAND

A proposal that Finland be invited and helped to sell bonds to American private citizens, using the proceeds to buy war materials, comes from Senator PAT HARRISON.

Others in Congress are said to favor it. A leading Republican, Col. Frank Knox, approved it yesterday. The administration itself, according to reports in Washington, may encourage this proposal.

We hope the reports have foundation. Finland desperately needs fighting equipment. Without that, her leaders say, she is doomed. The skill and courage which have won her America's unbounded admiration cannot prevail against Russia's overwhelming advantage in manpower and resources.

Considerations of foreign and domestic policy are raised against a United States Government war loan to Finland. These objections would not apply to a loan subscribed privately. The argument we do hear against the Harrison proposal is that private investors might be unwilling to risk their money in Finland's bonds.

That argument does no credit to the American people. They have praised Finland for paying previous debts. They have cheered Finland on to resist Russia's brutal assault. We believe that many wealthy Americans, and many not so wealthy, would gladly risk mere dollars where the Finns are risking their lives.

The wealthy, especially, should consider Finland's bonds a good investment in the best prospect that the westward push of communism may be stopped before it becomes a greater menace to our own country. And from a purely material aspect, as Senator HARRISON points out, even eventual defeat of Finland would not mean total loss to Americans who lend her private funds, since if the bonds became worthless a "bad debt" deduction could be made in income-tax returns.

If adequately assisted, Finland will not lose; and if Finland doesn't lose, neither will her creditors.

Mr. HARRISON. Mr. President, I do not know whether I will ask for its consideration—it will depend largely on the bill which is now pending in the Foreign Relations Committee—but I submit at this time a concurrent resolution and ask that it lie on the table. I request that the resolution be read.

The PRESIDING OFFICER. Without objection, the resolution will be read.

The Chief Clerk read the concurrent resolution (S. Con. Res. 37), as follows:

*Resolved*, That it is the sense of the Congress that the Securities and Exchange Commission should provide for and expedite the registration of any bonds, securities, or other obligations issued by the Republic of Finland, or any of its political subdivisions, upon application made to such Commission for such purpose by the Republic of Finland, or by any representative committee of citizens of the United States hereafter organized and duly authorized to act on behalf of the Republic of Finland for the purpose of obtaining funds through the sale of such bonds, securities, or other obligations.

Mr. HARRISON. Mr. President, with reference to the concurrent resolution, I may say, of course, that it is not necessary for the Congress to take any action in order that a group of citizens representing Finland may go before the Securities and Exchange Commission and apply for registration of bonds or securities for sale in the United States. That can be done without any action upon the part of Congress; but if, in the course of events that might arise, it should become desirable that some expression of the sense of the Congress be made, then I merely want the concurrent resolution to lie on the table for a subsequent vote.

The PRESIDING OFFICER. The resolution will lie on the table.

#### ADJOURNMENT

Mr. BARKLEY. I move that the Senate adjourn.

The motion was agreed to; and (at 3 o'clock and 14 minutes p. m.) the Senate adjourned until tomorrow, Friday, February 2, 1940, at 12 o'clock meridian.

#### NOMINATIONS

*Executive nominations received in the Senate February 1, 1940*

#### DEPARTMENT OF AGRICULTURE

Claude E. Wickard, of Indiana, to be Under Secretary of the Department of Agriculture, vice Milburn L. Wilson.

#### FEDERAL RESERVE SYSTEM

Marriner S. Eccles, of Utah, to be a member of the Board of Governors of the Federal Reserve System for the unexpired portion of the term of the 8 years from February 1, 1936, vice Chester C. Davis.

Chester C. Davis, of Maryland, to be a member of the Board of Governors of the Federal Reserve System for a term of 14 years from February 1, 1940, vice Marriner S. Eccles.

#### DEPARTMENT OF COMMERCE

Grosvenor M. Jones, of Ohio, and Bruce Berckmans, of New Jersey, to be Assistant Directors, Bureau of Foreign and Domestic Commerce.

#### APPOINTMENTS IN THE REGULAR ARMY

#### MEDICAL CORPS

*To be first lieutenants, with rank from date of appointment*

|                              |                          |
|------------------------------|--------------------------|
| Theodore Livingston Hart-    | Louis Harmon Jobe, Jr.   |
| ridge                        | Robert James Goldson     |
| Oscar Peyton Moffitt, Jr.    | Alonzo Allan Towner, Jr. |
| Harry Gladding Moseley       | Jake William Hearn       |
| Hugh Warren Jones            | Ephraim Bernard Cohen    |
| Larry Allen Smith            | David Harry Naimark      |
| Julian Rex Bernheim, Jr.     | John Ward Regan          |
| Robert Paul Hughes           | Robert Bresette Gorman   |
| Benjamin Hardy Sullivan, Jr. | Harold Frederick Funsch  |
| Sterling James Ritchey       | Harry James Grossman     |
| Joseph Calvin Lawrence       | Don S. Wenger            |
| Philip Alexander Bergman     | Delmar Eichler Domke     |
| David Hickman Drummond       | John Joseph Chizik       |
| Joseph Brown Gordon          | Harold Buffington Graves |
| Fred George Lahourcade       | Maurice Riordan Connolly |
| James Edward Sams            | James Edward Hix         |

#### PROMOTIONS IN THE REGULAR ARMY

#### TO BE COLONELS

Lt. Col. Paul Sorg Reinecke, Corps of Engineers, from February 1, 1940.  
 Lt. Col. Raymond Albert Wheeler, Corps of Engineers, from February 1, 1940.  
 Lt. Col. William Benjamin Hardigg, Ordnance Department, from February 1, 1940.  
 Lt. Col. Harry Russell Kutz, Ordnance Department, from February 1, 1940.  
 Lt. Col. Thompson Lawrence, Infantry, from February 1, 1940.

#### TO BE LIEUTENANT COLONELS

Maj. Maurice Joseph McGuire, Infantry, from February 1, 1940.  
 Maj. Leon Gregory Harer, Infantry, from February 1, 1940.  
 Maj. Chauncey Harold Hayden, Infantry, from February 1, 1940.  
 Maj. Erle Oden Sandlin, Infantry, from February 1, 1940.  
 Maj. Isaac George Walker, Cavalry, from February 1, 1940.  
 Maj. Walter Edward Jenkins, Field Artillery, from February 1, 1940.  
 Maj. William Elmer Lynd, Air Corps (temporary lieutenant colonel, Air Corps), from February 1, 1940.

#### TO BE MAJORS

Capt. Lucas Victor Beau, Jr., Air Corps (temporary major, Air Corps), from January 28, 1940.



Capt. Arthur Lee Shreve, Field Artillery, from February 1, 1940.

Capt. George Raymond Connor, Infantry, from February 1, 1940.

Capt. Newman Raiford Laughinghouse, Air Corps (temporary major, Air Corps), from February 1, 1940.

Capt. John Paul Dean, Corps of Engineers, from February 1, 1940.

Capt. Patrick Henry Timothy, Jr., Corps of Engineers, from February 1, 1940.

Capt. Hugh John Casey, Corps of Engineers, from February 1, 1940.

Capt. Patrick Henry Tansey, Corps of Engineers, from February 1, 1940.

Capt. Hans Kramer, Corps of Engineers, from February 1, 1940.

Capt. Albert Gordon Matthews, Corps of Engineers, from February 1, 1940.

Capt. Leland Hazelton Hewitt, Corps of Engineers, from February 1, 1940.

Capt. Michael Charles Grenata, Corps of Engineers, from February 1, 1940.

Capt. Thomas Francis Kern, Corps of Engineers, from February 1, 1940.

Capt. Ralph Edward Cruse, Corps of Engineers, from February 1, 1940.

#### POSTMASTERS

##### ARKANSAS

Edward E. Dewey to be postmaster at Decatur, Ark., in place of C. H. Northcutt. Incumbent's commission expired January 15, 1939.

Martin A. Graddy to be postmaster at Evening Shade, Ark., in place of W. F. Price. Incumbent's commission expired July 1, 1939.

Luther J. Wilkes to be postmaster at Helena, Ark., in place of C. L. Moore. Incumbent's commission expired January 15, 1939.

##### CALIFORNIA

Fred G. Sutherland to be postmaster at Pasadena, Calif., in place of H. B. Byron, deceased.

Ray O. Caukin to be postmaster at Sierra Madre, Calif., in place of R. O. Caukin. Incumbent's commission expired July 27, 1939.

##### GEORGIA

Walter R. Cannon to be postmaster at Clayton, Ga., in place of W. R. Cannon. Incumbent's commission expired June 8, 1938.

Paul L. Watson to be postmaster at Ellijay, Ga., in place of Howard Perry. Incumbent's commission expired February 19, 1939.

Fletcher N. Carlisle to be postmaster at Flowery Branch, Ga., in place of F. N. Carlisle. Incumbent's commission expired May 2, 1939.

##### ILLINOIS

Daniel P. Bergin to be postmaster at Chicago Heights, Ill., in place of D. P. Bergin. Incumbent's commission expired August 21, 1939.

Joseph W. Hrubby to be postmaster at Lyons, Ill., in place of Bohumil Plos, removed.

Clement Jordan to be postmaster at Paxton, Ill., in place of Ernest Swanson. Incumbent's commission expired February 7, 1939.

John D. Lannon to be postmaster at Saunemin, Ill., in place of J. D. Lannon. Incumbent's commission expired August 22, 1939.

##### INDIANA

Stanley P. Nelson to be postmaster at Auburn, Ind., in place of S. P. Nelson. Incumbent's commission expired June 26, 1939.

Robert A. Richwine to be postmaster at North Webster, Ind. Office became Presidential July 1, 1939.

##### IOWA

Ruth M. Stoltz to be postmaster at Ottumwa, Iowa, in place of R. M. Stoltz. Incumbent's commission expired June 18, 1939.

##### KANSAS

Orville Mills to be postmaster at Medicine Lodge, Kans., in place of W. E. Stout. Incumbent's commission expired January 18, 1939.

##### KENTUCKY

J. Edgar Moore to be postmaster at Berea, Ky., in place of J. E. Moore. Incumbent's commission expired February 18, 1939.

Walter Clayton Thomason to be postmaster at Georgetown, Ky., in place of N. L. Blackburn, deceased.

Richard L. Frymire to be postmaster at Irvington, Ky., in place of R. L. Frymire. Incumbent's commission expired May 1, 1938.

##### LOUISIANA

Mrs. Willie B. Killgore to be postmaster at Lisbon, La. Office became Presidential July 1, 1938.

##### MASSACHUSETTS

Sylvester D. Conley to be postmaster at Ipswich, Mass., in place of S. D. Conley. Incumbent's commission expired July 10, 1939.

##### MINNESOTA

Harry M. Koop to be postmaster at Crosby, Minn., in place of H. M. Koop. Incumbent's commission expired August 26, 1939.

James E. Cashman to be postmaster at Owatonna, Minn., in place of O. A. Kubat. Incumbent's commission expired March 23, 1939.

Mary E. Herron to be postmaster at Watertown, Minn., in place of S. A. Nystrom. Incumbent's commission expired January 25, 1936.

##### MISSISSIPPI

Volney M. Crothers to be postmaster at Lambert, Miss., in place of W. E. Dreaden. Incumbent's commission expired January 30, 1938.

##### NEBRASKA

Tarsney H. Winfrey to be postmaster at Stella, Nebr., in place of T. H. Winfrey. Incumbent's commission expired July 1, 1939.

##### NEW YORK

Leonard W. Cramer to be postmaster at Cherry Valley, N. Y., in place of J. K. Oakes, removed.

Minnie Losty Smith to be postmaster at New Lebanon, N. Y., in place of M. P. Sullivan, removed.

Edgar M. Mapes to be postmaster at Patchogue, N. Y., in place of A. F. Hawkins, deceased.

Frederick L. Ritchie to be postmaster at Philmont, N. Y., in place of F. V. Palmer. Incumbent's commission expired January 27, 1936.

William J. Murray to be postmaster at Rockville Center, N. Y., in place of C. C. King, deceased.

Arthur H. Wart to be postmaster at Sandy Creek, N. Y., in place of G. J. O'Brien, deceased.

James C. McDonald to be postmaster at Schenectady, N. Y., in place of J. F. Moffett. Incumbent's commission expired June 18, 1938.

##### NORTH CAROLINA

Ferdinand B. Johnson to be postmaster at Clinton, N. C., in place of F. B. Johnson. Incumbent's commission expired June 5, 1939.

Paul E. Hennessee to be postmaster at Glen Alpine, N. C., in place of J. R. Giles, removed.

Eula Mae White to be postmaster at Hiwassee Dam, N. C. Office became Presidential October 1, 1938.

Thomas L. Maness to be postmaster at Star, N. C., in place of T. L. Maness. Incumbent's commission expired July 1, 1939.

##### NORTH DAKOTA

August M. Bruschwein to be postmaster at Driscoll, N. Dak., in place of A. M. Bruschwein. Incumbent's commission expired July 19, 1939.

Raymond E. Campion to be postmaster at Willow City, N. Dak., in place of C. C. Ryan, resigned.

## OHIO

David E. Bushey to be postmaster at Shiloh, Ohio, in place of G. G. Russell. Incumbent's commission expired June 1, 1939.

## OKLAHOMA

Jack W. Smyth to be postmaster at Okemah, Okla., in place of N. E. Bras. Incumbent's commission expired August 27, 1939.

George L. Watkins to be postmaster at Tulsa, Okla., in place of G. L. Watkins. Incumbent's commission expired April 2, 1938.

## PENNSYLVANIA

Frank K. Myers to be postmaster at Alexandria, Pa., in place of J. R. McCrum, deceased.

Steve Latsko, Jr., to be postmaster at Allison, Pa. Office became Presidential July 1, 1937.

Frank Bertovich to be postmaster at Bentleyville, Pa., in place of B. E. Martin, removed.

James L. Lindsey to be postmaster at Bradford, Pa., in place of R. P. Habgood. Incumbent's commission expired February 24, 1936.

Edna Koehler to be postmaster at Fredericksburg, Pa. Office became Presidential July 1, 1936.

Kathleen McT. Gregg to be postmaster at Greensburg, Pa., in place of J. T. Painter, retired.

Katherine A. T. Shearer to be postmaster at Herminie, Pa., in place of K. A. T. Shearer. Incumbent's commission expired August 2, 1939.

Clifford S. Hersh to be postmaster at Lebanon, Pa., in place of D. E. Walter. Incumbent's commission expired March 18, 1939.

Marie E. Logan to be postmaster at Ludlow, Pa., in place of E. M. Phelps, deceased.

William Frederick Clevensline to be postmaster at Mingo, Pa., in place of W. F. Clevensline. Incumbent's commission expired July 3, 1939.

Lawrence Miles McCafferty to be postmaster at New Bethlehem, Pa., in place of L. M. McCafferty. Incumbent's commission expired August 27, 1939.

Clair A. Wamsley to be postmaster at Phoenixville, Pa., in place of C. A. Wamsley. Incumbent's commission expired June 6, 1938.

Wooda N. Carr to be postmaster at Uniontown, Pa., in place of W. N. Carr. Incumbent's commission expired April 6, 1939.

## SOUTH CAROLINA

Coit M. Graves to be postmaster at Pageland, S. C., in place of C. M. Graves. Incumbent's commission expired August 6, 1939.

## SOUTH DAKOTA

Leo F. Craney to be postmaster at Watertown, S. Dak., in place of H. A. Wagner, deceased.

## TENNESSEE

Finley P. Curtis to be postmaster at Butler, Tenn., in place of F. P. Curtis. Incumbent's commission expired January 24, 1939.

Joseph E. McCracken to be postmaster at Cumberland City, Tenn., in place of J. E. McCracken. Incumbent's commission expired May 29, 1939.

Henry C. Johnson to be postmaster at Lafayette, Tenn., in place of H. C. Johnson. Incumbent's commission expired January 16, 1939.

Joseph McDonald Ernest to be postmaster at Oliver Springs, Tenn., in place of J. M. Ernest. Incumbent's commission expired August 12, 1939.

## TEXAS

Robert C. Dooley to be postmaster at Justin, Tex., in place of L. H. Knox. Incumbent's commission expired February 12, 1939.

## UTAH

William Brooks to be postmaster at St. George, Utah, in place of William Brooks. Incumbent's commission expired March 19, 1939.

## VERMONT

Michael C. Mulcahy to be postmaster at Brandon, Vt., in place of M. C. Mulcahy. Incumbent's commission expired February 15, 1939.

Foster C. Parmenter to be postmaster at Chester, Vt., in place of F. C. Parmenter. Incumbent's commission expired May 13, 1939.

Thomas J. Fitzgerald to be postmaster Bellows Falls, Vt., in place of T. J. Fitzgerald. Incumbent's commission expired August 27, 1939.

Jeremiah C. Durick to be postmaster at Fair Haven, Vt., in place of J. C. Durick. Incumbent's commission expired June 18, 1939.

Oscar N. Campbell to be postmaster at Hyde Park, Vt., in place of O. N. Campbell. Incumbent's commission expired February 15, 1939.

John J. Rock to be postmaster at Ludlow, Vt., in place of J. J. Rock. Incumbent's commission expired July 12, 1939.

Carroll E. Jenkins to be postmaster at Orleans, Vt., in place of C. E. Jenkins. Incumbent's commission expired July 10, 1939.

Martha G. Kibby to be postmaster at Randolph Center, Vt., in place of M. G. Kibby. Incumbent's commission expired May 31, 1939.

Daniel F. Aher to be postmaster at Springfield, Vt., in place of D. F. Aher. Incumbent's commission expired May 13, 1939.

Irene F. Smith to be postmaster at Waitsfield, Vt., in place of I. F. Smith. Incumbent's commission expired February 15, 1939.

Clinton M. Hall to be postmaster at Wilmington, Vt., in place of C. M. Hall. Incumbent's commission expired July 10, 1939.

## VIRGINIA

Isaac C. Taylor to be postmaster at Big Stone Gap, Va., in place of I. C. Taylor. Incumbent's commission expired June 26, 1939.

Florence T. Beans to be postmaster at Round Hill, Va., in place of F. T. Beans. Incumbent's commission expired July 27, 1939.

## WEST VIRGINIA

Charles B. Linger to be postmaster at Terra Alta, W. Va., in place of C. B. Linger. Incumbent's commission expired January 29, 1939.

## WISCONSIN

Clinton B. Immell to be postmaster at Blair, Wis., in place of C. B. Immell. Incumbent's commission expired March 22, 1938.

Leo E. Doll to be postmaster at Soldiers Grove, Wis., in place of L. E. Doll. Incumbent's commission expired February 9, 1939.

## WYOMING

Hugh F. Graham to be postmaster at Newcastle, Wyo., in place of C. W. Clark. Incumbent's commission expired May 21, 1939.

## CONFIRMATIONS

*Executive nominations confirmed by the Senate February 1, 1940*

## WORK PROJECTS ADMINISTRATION

Benjamin Marvin Casteel to be work-projects administrator for Missouri.

## UNITED STATES CIRCUIT COURT OF APPEALS

Armistead M. Dobie to be judge of the United States Circuit Court of Appeals for the Fourth Circuit.

## UNITED STATES DISTRICT COURTS

William J. Barker to be United States district judge of the Southern District of Florida.

John Patrick Hartigan to be United States district judge of the District of Rhode Island.

Alfred D. Barksdale, to be United States district judge of the Western District of Virginia.



## UNITED STATES ATTORNEY

Theron Lamar Caudle to be United States attorney for the Western District of North Carolina.

## UNITED STATES MARSHALS

Julius J. Wichser to be United States marshal for the Southern District of Indiana.

Edwin D. Bolger to be United States marshal for the Western District of Michigan.

## NATIONAL MEDIATION BOARD

David J. Lewis to be a member of the National Mediation Board.

## GOVERNOR OF ALASKA

Ernest Gruening to be Governor of the Territory of Alaska.

## PROMOTIONS IN THE NAVY

NOTE.—The nominations of all persons named for promotion in the Navy, which were received by the Senate on the 4th day and 23d day of January 1940, were confirmed en bloc. The names of the persons confirmed today will be found in the CONGRESSIONAL RECORDS for January 4 and 23, 1940, beginning on pages 42 and 567, respectively, under the caption "Nominations."

## POSTMASTERS

## OKLAHOMA

Curtis M. Anthony, Marlow.

## WISCONSIN

Edgar J. Peters, Juneau.

## HOUSE OF REPRESENTATIVES

THURSDAY, FEBRUARY 1, 1940

The House met at 11 o'clock a. m.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Blessed Lord and Saviour, Thou who dost appeal to us from every crowded street, from every bed of pain, and from every troubled heart, do Thou inspire us to speak the brave word, do the courageous deed, and to openly confess Thee before men. Each day from Thy bountiful hand Thou dost shower blessings upon us; we thank Thee. Grant us the heart of a little child, that we may be strong to obey, quick to serve, and ready to wait. Do Thou put upon all of our hearts those who need us most, those whose grief is silent and settled, those who are living a life of evil and have never sought the beauty of the Lord. O Thou with whom power remaineth, do Thou inspire us to pour courage and strength into the lives of the weak and helpless and thus link ourselves with the kingdom of God upon earth. Bless and preserve the dignity and the honor of the traditional institution of our Republic which is honored and recognized today. Grant, O Lord God, that truth and justice may ever be the inspiration of its decisions. Like an impartial sunlight bless our whole land and Thine shall be the glory, through Christ, our Saviour. Amen.

The Journal of the proceedings of yesterday was read and approved.

## EXTENSION OF REMARKS

Mr. COOPER. Mr. Speaker, on last Tuesday, January 30, I was granted unanimous consent to extend my remarks in the RECORD and to include a statement made by Hon. Edward A. O'Neal, president of the Farm Bureau Federation, before the Ways and Means Committee. I have been advised that the statement exceeds the amount fixed by regulation of the Joint Committee on Printing by an amount which I understand to be about a page and a half. Therefore I renew my unanimous-consent request that the entire statement may be printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

## TREASURY DECISION NO. 49682

Mr. COOPER. Mr. Speaker, I present a privileged resolution (H. Res. 361) from the Committee on Ways and Means and ask that the report may be read in lieu of the resolution.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

The Clerk read as follows:

Mr. COOPER, from the Committee on Ways and Means, submitted the following adverse report (to accompany H. Res. 361):

The Committee on Ways and Means, to whom was referred the resolution (H. Res. 361) directing the Secretary of the Treasury to furnish the House of Representatives a copy of Treasury Decision No. 49682, together with all cognate and relevant information pertaining to its formulation, adoption, and promulgation, and certain other information relative thereto, having had the same under consideration, report it back to the House and recommend that the resolution do not pass.

The action of the committee is based upon the following report from the Acting Secretary of the Treasury:

## TREASURY DEPARTMENT,

Washington, January 26, 1940.

DEAR MR. CHAIRMAN: Further reference is made to your communication of January 22, 1940, enclosing a copy of H. Res. 361, "Calling on the Secretary of the Treasury for information concerning Treasury Decision No. 49682, relating to American fisheries," and stating that your committee will be pleased to receive the Department's views on the proposed legislation.

Paragraph 1730 (a) of the Tariff Act of 1930 (U. S. C. title 19, sec. 1201, par. 1730 (a)) provides in part that "products of American fisheries, prepared or preserved by an American fishery, on the treaty coasts of Newfoundland, Magdalen Islands, and Labrador, as such coasts are defined in the Convention of 1818 between the United States and Great Britain, shall be exempt from duty." T. D. 49682, among other things not here relevant, amended article 489 (c) of the Customs Regulations of 1937 by redefining the term "American fisheries." Prior to its amendment by T. D. 49682, article 489 (c) of the Customs Regulations of 1937, issued in pursuance of paragraph 1730 (a) of the Tariff Act of 1930, defined American fisheries as follows:

"American fishery within the meaning of said paragraph is defined as a fishery operated under the American flag by American vessels in foreign waters, in which such vessels have the right, by treaty or otherwise, to take fish and other marine products."

Article 489 (c) of the Customs Regulations of 1937, as amended by T. D. 49682, now defines American fisheries as follows:

"An American fishery, within the meaning of paragraph 1730 (a), is defined as a fishing enterprise conducted under the American flag by vessels of the United States on the high seas or in foreign waters in which such vessels have the right, by treaty or otherwise, to take fish or other marine products and may include a shore station operated in conjunction with such vessels by the owner or master thereof."

It will be noted that T. D. 49682 retained the original definition of American fisheries but added thereto by specifically providing that such fisheries could include a shore station operated in conjunction with the vessels engaged in fishing.

The situation which subsequently gave rise to the amendment to article 489 (c) of the Customs Regulations of 1937 by T. D. 49682 was first brought to the attention of the Department in a communication dated February 7, 1938, from the Assistant Secretary of State, which enclosed a despatch from the American Consul General at St. Johns, Newfoundland, calling attention to a fishery venture proposed to be undertaken by the General Seafoods Corporation with the aid of the government of Newfoundland. The fishery venture, which was at the time in its formative stage, provided for the establishment by the Newfoundland government of a plant and equipment on the treaty coast to be rented to the General Seafoods Corporation, and fish taken by vessels owned by that corporation were to be processed at this plant. The proposed agreement also called for the granting by the Newfoundland government of certain special customs exemptions for machinery and equipment for the plant to be imported into Newfoundland from the United States. The Assistant Secretary of State requested the Department's views as to whether or not the products of the proposed fishery venture would be subject to countervailing duties under the provisions of section 303 of the Tariff Act of 1930 (U. S. C., title 19, sec. 1303), and whether or not such products would be entitled to free entry as products of an American fishery.

On March 23, 1938, the Assistant Secretary of State was advised that on the basis of the meager information available concerning the proposed venture, the Department was inclined to the view that no countervailing duties would be imposed on the products of such venture. The Assistant Secretary of State was further advised that the Department did not have sufficient information to render any opinion on the question of whether or not the products of the proposed venture would be entitled to be regarded as products of an American fishery. Additional information was subsequently furnished by the State Department, and a lengthy brief was filed by the General Seafoods Corporation setting forth in detail the proposed plan for the establishment of the fishery and advancing legal arguments in support of its contention that the proposed venture would constitute an American fishery within the meaning of paragraph 1730 (c) of the Tariff Act of 1930. The General Seafoods Corporation requested a ruling on the tariff status of the fish processed under the proposed plan.

An independent legal study was made by the Department of the question of whether the products of the fishery operations proposed

to be conducted by the General Seafoods Corporation would be subject to classification as products of an American fishery and thus entitled to free entry under paragraph 1730 (a) of the Tariff Act of 1930. The conclusion was reached that this question should be answered in the affirmative. This conclusion was based on decisions by the customs court in cases involving the question of products entitled to free entry as products of American fisheries. For example, in the case of *United States v. Gorton-Pew Fisheries Co.* ((1914) T. D. 34440, abstract 35520), the customs court had before it for consideration a case in which fish caught by citizens of Newfoundland were taken to the Newfoundland shores and there prepared and preserved for shipment to the United States. These operations were conducted under the supervision of an American vessel which served as a center of operations. The court held that these products were entitled to free entry as products of the American fisheries. (See also decisions by the customs court in *United States v. W. B. Redding et al.* ((1910) T. D. 31028); *United States v. Post Fish Co.* ((1914) T. D. 34188); *Geo. S. Bush & Co. (Inc.) et al. v. United States* ((1925) T. D. 40725); and *Robbins Inc. v. United States* ((1925) T. D. 40728).

In view of the conclusion reached, it was deemed advisable to redefine the term "American fisheries" so as to specifically include shore stations, and to make certain other changes not here relevant in section 489 of the Customs Regulations of 1937. Accordingly, T. D. 49682 was issued to accomplish these changes, and a copy thereof is enclosed for your information.

The foregoing has summarized briefly, but completely, all the information which this Department has on the subject of House Resolution 361. In addition, the Department will be happy to make its file on this subject available to your committee or to any Member of Congress you desire. Since this file is in active use and officers of the Department have frequent occasion to refer to it, the Department hopes you will find it agreeable to have any such inspection of the original file made at the Bureau of Customs, where the file is located. If you deem it necessary, however, the Department will make a copy of all the material in the file on this subject (which is rather extensive) and send it to you, although this will, naturally, involve some expense. The Department understands that any examination of this file will be for official use and not for general publication. Since the file contains references to data affecting international relations as well as data bearing on the business affairs of a private corporation, the Department, in accordance with its long-established practice, would not feel at liberty to make it available for publication.

Since the Department is perfectly willing to place at your disposal all the information and material on this subject contained in its files, no necessity is seen for the adoption of House Resolution 361, and the Treasury Department must, therefore, recommend against such adoption.

Very truly yours,

HERBERT E. GASTON,  
*Acting Secretary of the Treasury.*

Hon. R. L. DOUGHTON,  
*Chairman, Committee on Ways and Means,  
House of Representatives*

CUSTOMS  
(T. D. 49682)

*Customs regulations amended—Products of American fisheries*  
Article 489 (b), (c), (d), and (f), Customs Regulations of 1937, amended to redefine American fisheries so as to include shore stations operated in conjunction with vessels of the United States, and for other purposes

TREASURY DEPARTMENT,  
OFFICE OF THE COMMISSIONER OF CUSTOMS,  
Washington, D. C.

*To Collectors of Customs and Others Concerned:*

Pursuant to the authority contained in section 251 of the Revised Statutes (U. S. C. title 19, sec. 66) and section 624 of the Tariff Act of 1930 (U. S. C. title 19, sec. 1624), paragraphs (b), (c), (d), and (f) of article 489 are hereby amended to read as follows:

(b) No entry is required for fish or other marine products taken on the high seas by vessels of the United States or by residents of the United States in undocumented vessels owned in the United States when such fish or other products are brought into port by the taking vessel.

(c) An American fishery, within the meaning of paragraph 1730 (a), is defined as a fishing enterprise conducted under the American flag by vessels of the United States on the high seas or in foreign waters in which such vessels have the right, by treaty or otherwise, to take fish or other marine products, and may include a shore station operated in conjunction with such vessels by the owner or master thereof.

(d) The employment of citizens of a foreign country by an American fishery is permissible, but the purchase by an American fishery of fish or other marine products taken by citizens of a foreign country on the high seas or in foreign waters will subject such fish or other marine products to treatment as foreign merchandise.

(f) Products of an American fishery will be entitled to free entry although prepared, preserved, or otherwise changed in condition, provided the work is done at sea by the master or crew of the fishery or by persons employed by and under the supervision of the master or owner of the fishery. Fish (except cod, haddock, hake, pollock, cusk, mackerel, and swordfish) the product of an American fishery, landed in a foreign country, and there not further advanced than beheaded, eviscerated, packed in ice, frozen

and with fins removed, will be entitled to free entry, whether or not such processing is done by the American fishery. Products of an American fishery prepared or preserved on the treaty coasts of Newfoundland, Magdalen Islands, or Labrador, as such coasts are defined in the convention of 1818 between the United States and Great Britain, will be entitled to free entry only if the preparation or preservation is done by an American fishery.

FRANK DOW,  
*Acting Commissioner of Customs.*

Approved August 12, 1938:

STEPHEN B. GIBBONS,  
*Acting Secretary of the Treasury.*

[Filed with the Division of the Federal Register August 18, 1938, 9:47 a. m.]

Mr. COOPER (interrupting the reading of the adverse report). Mr. Speaker, I ask unanimous consent that the further reading of the letter be dispensed with and that the letter, along with a copy of the regulations, be printed in the RECORD at this point.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. COOPER. Mr. Speaker, I shall only ask brief recognition. I understand the distinguished gentleman from Maine [Mr. BREWSTER] wants to make a brief statement, and I yield to him.

Mr. BREWSTER. Mr. Speaker, I want to express my appreciation to the courtesy of the committee in granting me an opportunity to examine this report. I have no objection to the disposition proposed, but I understand this is without prejudice to any further resolution that might be introduced if it should be found that further documents would be desirable, a matter I propose to discuss with the members of the committee.

Mr. COOPER. Of course, the gentleman does not waive any rights he has under the rules of the House.

Mr. Speaker, I move that the resolution be laid on the table. The motion was agreed to.

#### EXTENSION OF REMARKS

Mr. KEOGH. Mr. Speaker, I ask unanimous consent to extend my remarks by including a speech I made at a dedication of a Federal building, together with the program of the ceremonies and certain small excerpts in connection therewith.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. WILLIAMS of Missouri and Mr. NELSON asked and were given permission to revise and extend their own remarks in the RECORD.

#### REREFERENCE OF CERTAIN BILLS

Mr. SMITH of Washington. Mr. Speaker, I ask unanimous consent that the Committee on Pensions be discharged from the further consideration of the bills H. R. 6800, H. R. 6827, and H. R. 7693, and that said bills be referred to the Committee on Invalid Pensions.

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, what does this do?

Mr. SMITH of Washington. I will say to the distinguished minority leader that we are simply having these bills referred to the Committee on Invalid Pensions instead of the Committee on Pensions, to which they were originally referred. They should properly go to the Invalid Pensions Committee, which has jurisdiction of the subject matter.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent to speak for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. VOORHIS of California. Mr. Speaker, we are here today to consider the needs of American agriculture, and there will no doubt be discussion of the question of the price



of farm commodities. In this connection I want to read a few quotations to the House very briefly.

The first one is from the great economist Ricardo, who said:

That commodities rise or fall in proportion to the increase or diminution of money I assume as a fact that is incontrovertible.

Another one from President Andrew Jackson:

If Congress has the right under the Constitution to issue paper money, it was given them to be used by themselves, not to be delegated to individuals or to corporations.

From John Stuart Mill:

That an increase of the quantity of money raises prices and a diminution lowers them is the most elementary proposition in the theory of currency, and without it we should have no key to any of the others.

And I may add that prices of basic farm commodities respond to monetary influences much more quickly than any other commodities that we have.

#### W. P. A. FUNDS FOR PENNSYLVANIA

Mr. McDOWELL. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. McDOWELL. Mr. Speaker, Members of the House. Pennsylvania recently began a fight for justice in the matter of W. P. A. jobs for her hungry citizens, the State being away below the comparative quota of the other States. It is my very happy privilege to announce to the House this morning that late yesterday we were informed that 5,000 more jobs were allotted to Pennsylvania. These 5,000 jobs, coupled with 10,000 more jobs recently allotted to the State, raises its total quota to 165,000. We assume that there will be no question that the jobs will be filled by W. P. A. officials, and in behalf of Pennsylvania, it gives me singular pleasure to express the Keystone State's deep gratitude to those kindly officials who have brought this about, and if they do what they are indicating they will do, Pennsylvania is not going to be mad at anyone. [Applause.]

#### EXTENSION OF REMARKS

Mr. SANDAGER. Mr. Speaker, I ask unanimous consent to extend my own remarks, and include an editorial from the Providence Journal, commenting upon the speech of the Honorable JOSEPH W. MARTIN, JR., at Topeka, Kans.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. HESS. Mr. Speaker, I ask unanimous consent to insert in the Appendix of the RECORD an address delivered by the junior Senator from Ohio.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. SECCOMBE. Mr. Speaker, I ask unanimous consent to insert in the Appendix of the RECORD a letter from Cloyd W. Miller, president of the Hickory Clay Products Co., of Mineral City, Ohio, to Jesse Jones, of the Reconstruction Finance Corporation.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

#### DEPARTMENT OF AGRICULTURE APPROPRIATION BILL, 1941

Mr. CANNON of Missouri. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 8202) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1941, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 8202, with Mr. WARREN in the chair.

The Clerk read the title of the bill.

Mr. CANNON of Missouri. Mr. Chairman, when the Committee rose last night we had read the first paragraph of the bill. I ask that the Clerk continue the reading of the bill.

Mr. PACE. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman is recognized for 5 minutes.

Mr. PACE. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. PACE. Mr. Chairman, for many long hours I have remained on this floor listening to the debate on this bill, hoping that those who brought it here could in some way justify their action, hoping they could explain why they expect the farmers of this Nation to continue to accept and be satisfied with a 79-cent dollar, to buy their necessities of life, while industry enjoys a \$1.22 dollar with which to buy the farmers' commodities. All I have heard is excuses and that is one thing I hate.

Those responsible for this bill, which cuts farmers' benefits 51 percent under last year, say that, "Of course, farmers are entitled to parity, but—"; that "Of course, additional funds should be appropriated for removal of surplus commodities, but—"; that "Of course, the farm-tenant program should be continued, but—."

Well, I for one want to serve notice that those of us who understand and appreciate the economic condition facing the farmers of this Nation are not going to take it lying down. We intend to ask the Members of this House to vote for amendments to provide parity payments, to provide funds for the removal of surplus agricultural commodities and for funds to continue the tenant farm purchase program. The last two have been requested by the President, and the first—parity payments—is demanded by the farmers.

There are 40 members of the Committee on Appropriations and a great many of them exclaim to the high heaven of their loyalty to the farmers. Yet I understand this bill was reported to us by a vote of 26 to 9 in that committee. A great part of the time for the last 2 days has been consumed by members of that committee bemoaning the fate and destitute condition of the farmer, and yet they bring us a bill which is entirely contrary to the sentiments they express so fervently.

I feel that the Members should today be given the opportunity to decide whether they wish to meekly follow the gentleman from New York [Mr. TABER] and the gentleman from Virginia [Mr. WOODRUM], or stand up and fight for the 32,000,000 Americans who till the soil.

We must decide today whether we shall appropriate billions for military defense against an enemy that does not exist and leave undefended the millions who must produce the food and fiber to feed and clothe the Nation.

We must decide today whether the greatest potential market on earth—the American farmer—will be given an equal opportunity to share in the prosperity and promise of this great Nation. [Applause.]

[Here the gavel fell.]

The Clerk read as follows:

Total, Office of Experiment Stations, \$7,104,735, of which amount not to exceed \$150,105 may be expended for personal services in the District of Columbia, and not to exceed \$750 shall be available for the purchase of motor-propelled and horse-drawn passenger-carrying vehicles necessary in the conduct of field work outside the District of Columbia.

Mr. VOORHIS of California. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, later on in this bill an attempt will be made by an amendment offered by the gentleman from Georgia [Mr. PACE] to restore to this bill money which was approved by the Bureau of the Budget for the carrying on of the disposal of so-called surplus commodities, and therefore for a continuation and possible expansion of the so-called stamp plan which has been developed. Four hundred American communities have applied to the Surplus Commodities Corporation to have this plan put into operation in their community. I am asking to speak at this time because I do not know what the situation will be when the time comes to discuss that amendment. Neither do I know what form the

opposition to the amendment offered by the gentleman will take.

I would like to say in the first place that if the gentleman from Georgia had not offered this amendment I would have offered one, for I believe this is one of the most constructive moves that has so far been made to get at the solution of the agricultural problem. It has, so far as I know, the approval of every section of our population.

To a great extent, the objection to the agricultural program which has been in effect the last few years has been that it cut down production. This stamp plan does exactly the opposite. It enables the people of this country to apply that money in the purchase of commodities through the regular distributive channels, and the farmers to receive payment at the regular price for those commodities. The gentlemen who oppose this amendment will be doing this: They will be saying that they are opposed to seeing the people who are working on W. P. A. or even getting a smaller income than that in some cases, having  $7\frac{1}{2}$  cents per meal for food instead of 5 cents. That is what this plan has meant. They will be saying that the  $2\frac{1}{2}$ -cent increase for the undernourished people of this country is going to be taken away—the increase made possible through this stamp plan simply by the fact that American agriculture is as efficient as it is. Those who oppose that amendment will be opposing this increase in the consumption by our people of the most necessary foods, which results in a more decent payment to our farmers for the things they have already produced. I cannot understand opposition to this. I cannot understand how anybody can be opposed to a measure of this kind.

Mr. TARVER. Mr. Chairman, will the gentleman yield?

Mr. VOORHIS of California. I yield.

Mr. TARVER. Of course, I think the gentleman knows I am as deeply interested in the appropriation for purchase of surplus commodities as any Member, but the gentleman realizes the futility of offering an amendment to a bill for an appropriation not authorized by law?

Mr. VOORHIS of California. I thank the gentleman. I do realize his interest. I am hopeful that the amendment that will be offered will not be subject to a point of order, and I do not believe it will be. Furthermore, I think legislative authorization for this program should have been passed by Congress long before this. But I am certain that over a period of time there have been a great many appropriations made which have not been technically authorized any more than this one, and I feel very deeply that the need of the Nation at this moment in this regard is a matter so close to any true definition of national defense that it ought not be opposed, and a point of order ought not be raised against it. That is the feeling I have about it.

Evidently this Congress will be confronted with other types of problems that it will be asked to act upon. I am extremely concerned about the possibility of our doing something for certain of the nations of the world that have been attacked in an unwarranted manner, but we are going to be subject to serious and entirely justifiable criticism unless we concern ourselves about so elemental a matter as enabling people whose budget for food is only 5 cents per meal to increase it to  $7\frac{1}{2}$  cents by making use of farm commodities already produced. As I have said so many times before, the question of the Budget need not be involved at all if we would take sensible action with regard to our idle gold and silver or else learn what money and the credit of this great Nation really are.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. MASSINGALE. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I ask unanimous consent to address the House for an additional 10 minutes.

The CHAIRMAN. The gentleman from Oklahoma asks unanimous consent to address the House for an additional 10 minutes. Is there objection?

There was no objection.

The CHAIRMAN. The gentleman from Oklahoma is recognized for 15 minutes.

Mr. MASSINGALE. Mr. Chairman, it has been a difficult thing to get a little time to speak or say a word on this all-important measure from the standpoint of the farmers of America.

This bill has been severely trimmed, trimmed to the point of being absolutely and wholly unfair to the American farming class; so I want to talk to you about it just a little bit and, if I may, to make a few suggestions which seem to me to be pertinent to this inquiry.

In the first place, it is wholly unnecessary for me to state what has been stated so many dozens of times even in the last 2 days of this debate about the condition of the farmer and what is happening to him. It is a shame to this Congress that the farming class of people are reduced to an income of less than \$175 per annum, on an average, per family. We know that no man can live even halfway decently himself, let alone trying to support a family, when that kind of condition prevails. We have tolerated this condition, however, for the 6 years I have been in Congress, and an effort is now going to be made further to tolerate it. So far as I personally am concerned, I do not propose to deviate from the position I heretofore have taken. I have stood for the cost of production for the farming class of people in this country, and they are entitled to no less than this. If you give them cost of production for that portion of their goods produced on the farm and consumed in the country you are giving them no more than, and not as much as, the industrial classes of the country are getting now under the protection of the tariff and from other governmental agencies. Why should we not look after the farmer a little? True, we have made huge appropriations for agriculture, or appropriations that are supposed to be for agricultural purposes, but what is the farmer's situation? He may be a little better off right now from getting Government subsidies. He could not have gotten along without Government subsidies. Some features of this Agricultural Adjustment Act, of course, appealed to me and appealed to all of us, but on the whole this program for agriculture I believe has been a colossal failure, notwithstanding the voicing of an entirely different and opposite sentiment by my good friend the gentleman from Texas [Mr. JONES], chairman of the Committee on Agriculture. I love the gentleman from Texas. I believe he is one of the most amiable gentlemen in this House, but we ought to look at this thing properly and fairly and see if we cannot do something to relieve the most terrible condition of economics that any class of people in a free land, so far as I know, has ever been subjected to. Let us analyze this bill. What does it do? I will tell you very briefly what, in my opinion, is the legal meaning and effect of the present farm bill.

In the first place, the bill is geared only—and I believe I can say this advisedly—only to give bankrupt farm prices. How does it do it? Title III of section (a) of the 1938 act has to do with crop control and parity prices. Let us assume that farm prices of wheat, cotton, corn, rice, and tobacco should reach parity. First, under the bill there would be no parity prices for Congress to adjust or to pay. There is no authority for parity payments after a farm commodity has reached parity price. Should this condition arise, that a farm commodity reaches parity, crop control would have to be abandoned, because there would be no incentive for the farmer to submit to crop control; and there is not a farmer in America right now who would be in favor of any kind of crop control or supervision of his farm operations unless it was for the bait of a subsidy held out to him under this bill. The farmer is just like any other man, he wants to run his own business and have the Government keep its nose out of it—not particularly the Government but I would say the Department of Agriculture. If parity is ever reached, there would be no need for that portion of the law which provides for parity payments as long as prevailing farm prices are below 75 percent of parity, and the law as it stands would be a useless and meaningless lot of printed matter on the statute books. In legal effect and operation, if 75 percent of parity is ever reached, the law will have spent its force and will be useless to any person.

The same would be true in regard to loans upon crops. There is no authority under the law to make a loan if 75 per-



cent of parity price prevails on farm products mentioned in this law, the five basic crops of the country. What do you want it for if you attain parity? And listen to me: The Secretary of Agriculture has rightfully stated that under this law the American farmer can never hope for or expect either parity or cost-of-production prices. He has been begging Congress for better than a year to take this hot potato out of his own hands and put it in the laps of Members of Congress, but we have not done anything and there is a reason why we have not. This reason, in my mind, is that there are certain so-called farm organization managers or presidents in this country who do not want the law regulating loans on such crops and making parity payments to farmers under it done away with. They want to keep 108,000 or 110,000 employees in the Department of Agriculture so they will have some excuse to stay here in Washington pretending to represent the farmer, but in reality I believe the facts justify the statement that they are representing only themselves and not the farmers of the country.

The language of the law is as plain as can be that without a condition where the products of a farm must bring less than 75 percent of parity the farmer cannot get any benefit out of the law. Any man of intelligence can see that the law can certainly be of no benefit from a financial standpoint to an owner and operator of a farm or to a tenant on a farm, for these are the only instances in which either loans or parity payments are authorized under the law to be made to such owner or operator. In fact, the law itself in these respects is a deterrent and renders a distinct disservice to the farming class of people. Of course, the law does not specifically say that the prices of farm products shall never go above parity, but it does say that if the Government gives the farmer any assistance under the law it will not do so unless economic conditions are so bad that he cannot even obtain 75 percent of the parity price of his farm products when he goes to sell them.

Unhappily for the world, and particularly for the American farmer, there is in the offing what appears to be danger of war involvement to every nation on earth. The flaring up of such a holocaust as war might possibly bring temporarily higher prices for farm products, and the tendency of late, because of war conditions, is for crop prices to rise. If such a condition should be brought about, the farmer ought to be free to exercise his own judgment about when he sells and what he sells and at the price he shall sell it for. The Government of the United States ought not to try to hamper him by any loan of money that it may have made him heretofore and ought to let him get the best he can for himself out of his farm products. If the law remains in force and effect and prices of farm products soar because of war conditions or because of other conditions, nobody ought to have any authority by reason of any contract that he may have made with the Government of the United States through the Department of Agriculture or any other agency to hamstring the farmer by limiting him in the amount of any kind of crop he might want to grow. The only way, according to my notion, to be safe about it, in the best interests of the individual farmer of America, especially right now, is to turn him loose from any such obligations as quota allotments or limitation in production.

I agree with a great deal that the gentleman from Texas said in his statement yesterday. It was an appealing speech, it was a speech of sympathy in behalf of the farmers of the country—and God knows they need that sympathy—but I do not agree with all the gentleman from Texas said. Why? In his enthusiasm the gentleman from Texas made the statement that the farmer has been tremendously benefited, for instance, by the rural electrification program. That is all right, he has been; and it might be that if it had not been for the present bill the farmer would never have been able to get electricity out on his farm, but I did not know until the gentleman from Texas [Mr. JONES] gave the intimation that the Department of Agriculture claimed benefits such as he mentioned. I agree with much of what he says, but I do not believe he really thinks the Department of Agriculture is entitled to the credit of propagating Thomas A. Edison.

They have propagated nearly everything else. I did not know until the gentleman from Texas [Mr. JONES] made the statement that the Agriculture Department was entitled to the credit for propagating Mr. Edison in the world of electricity.

I would not say that the Committee on Agriculture of the House is to be censured for anything it has done. But I do say that since I have been in Congress there has been what is known as the cost-of-production bill constantly before this committee for consideration, making provision for the payment to farmers in the United States for all crops grown and consumed therein, which this committee has not seen proper to report out for consideration of the House. There is such a bill pending before the committee now, and a few months ago this committee refused to report out the bill notwithstanding that just a few weeks before their vote not to report the bill out for consideration of the House, the Senate had unanimously in its Committee on Agriculture, reported out the same and identical bill.

I have heard all the objections made to reporting out the cost-of-production bill, and I am liberal enough to concede that some of the reasons offered for not doing so are somewhat of a serious nature. One of these reasons has been that the Secretary of Agriculture in substance took the position that he did not know how to figure cost of production under the proposed bill. I believe in the fairness and sincerity of the Secretary of Agriculture and in those members of the House Committee on Agriculture who did not feel disposed to report out the cost-of-production bill; however, the Secretary of Agriculture does know how to figure parity prices because he has been at it for some length of time. Each month he gets out a bulletin showing his determination of the parity price of each agricultural product of consequence grown in the United States.

Now, the situation in regard to the farmer and his prospects of getting something done for him is so serious that all who are interested in the farm problem ought to try to compose their differences if they have any, and try to get a bill passed in Congress that will make a condition as near right as we can out of an entirely wrong and hurtful and unfair condition under which the farmer has been compelled to operate. We ought always to bear in mind that the farmer is entitled to live and support his family on his farm in about the same degree of decency that other people throughout the country enjoy. He has not been able to do this because he did not get enough out of his work and out of the products of the farm.

In order to approach this problem from a somewhat new angle, those of us who have been trying to promote the cost-of-production bill, and others who are just as seriously interested, I believe, in farm legislation as any of us, have drawn a bill which is an amendment to H. R. 2371—cost-of-production bill—which I believe will be a splendid start toward giving the farmer at least a degree of security that he has never heretofore known. We want something substantial, something permanent, something in the way of actual benefit to the American farmer enacted into law for the farmer's protection and for the protection of those dependent upon him. The amendment to which I refer is shown now in committee print under date of February 1, 1940. The main difference is the amendment and the cost-of-production bill is that the amendment uses the word "parity" price instead of the term "cost of production" price.

I wish it were possible for every farmer in America to get a copy of this committee print of the amended bill which directs the Secretary of Agriculture to ascertain on the first day of each month, parity price of every farm commodity grown in the United States and consumed in the United States, and makes it unlawful for any buyer or handler of any such product to pay to any farmer therefor less than the parity price to be promulgated each month of the year by the Secretary of Agriculture. If you give the farmer this, you give him the first substantial relief he has ever had. It is not what he is entitled to. He is, in my judgment, entitled to the full cost of production for every article grown by him.

Parity, however, is generally reputed to amount to 75 percent of the cost-of-production price. If we could start the farmer off with 75 percent of the cost-of-production price for his farm products grown in the United States and consumed in the United States, he will have an income of nearly twice as much as he is getting now for farm products. It will be a price out of which the stock gambler and manipulator cannot defraud him. There will be no stock gambler's prices on anything below that parity price. It will mean putting a price floor under each of the articles grown and produced in the United States of America and consumed in the United States of America, below which it shall be unlawful for anybody to purchase them. That means real security, even though it is not as much as cost of production.

The amended bill carries with it a provision protecting the right of the farmer to soil conservation and other payments, including crop insurance, as set forth in the following language:

Nothing in this act shall be held to repeal, amend, or modify the Soil Conservation and Domestic Allotment Act, as amended, or section 201 (relating to adjustments in freight rates), section 202 (relating to new uses and markets for farm commodities), section 204 (relating to continuation of the Federal Surplus Commodities Corporation), section 302 (relating to loans on agricultural commodities), or title V (relating to crop insurance) of the Agricultural Adjustment Act of 1938, as amended, or section 32, as amended, of the act entitled "An act to amend the Agricultural Adjustment Act, and for other purposes," approved August 24, 1935.

It is manifestly unfair for the committee reporting on this bill to cut out parity payments, particularly to the American farmer. Every farmer that pitched a crop in the United States in 1939 had the equivalent of assurance from the Congress of the United States under the law that he was going to receive parity payments if his farm products sold below 75 percent parity price. The committee has refused to recognize this agreement in the appropriation bill under consideration. It has not only done that, but it has cut out all appropriation for dry-land farming experimentation, and building tanks and ponds on farms, for land utilization, for shelterbelt, and for other items. It seems to be most inopportune that the committee has done the things they have done, and I hope that every item they have cut out will be restored, and that parity payments will be put in the bill before it is finally disposed of by the House and Senate, so that we will give the semblance at least of being behind our implied obligations to the farmers.

So far as I am personally concerned, I expect to vote for every one of these provisions to be put into this act, and up to the time I have made this address, I am happy to report that the Committee of the Whole House on the state of the Union, in consideration of the bill, put into the bill the appropriation for dry-land farming experiments, and I trust and believe that all other things eliminated by the committee should go back into the bill.

[Here the gavel fell.]

Mr. NELSON. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, I am not in accord with my colleague, than whom the farmer has no better friend in Congress, that the present Agricultural Act has proved to be a colossal failure. In fact, as I look back over some other agricultural acts under which we have operated, I am inclined to think that when compared with those it has much merit.

The Roosevelt administration has not failed agriculture, as did the Coolidge and Hoover administrations. I recall that under the Coolidge administration Congress by a very large majority approved the old McNary-Haugen bill, with the equalization-fee feature, and the President vetoed it with the most vicious veto that any farm measure had ever received. That veto represented a flood of abuse and a drought of ideas. A score of expressions, such as "bureaucratic paraphernalia," "vicious devices," "profoundly repugnant," and "autocratic domination," were used to describe a measure favored by farmers and approved by both branches of the Congress. Words, words, words, all strung together like scorpions on a string.

Mr. Chairman, I recall, too, that in the spring of 1929, at which time I was a member of the Agricultural Committee, the Congress was called in special session to do two things—bring about "equality for agriculture" and to pass a "limited" tariff bill. The meeting was called for the 15th day of April. It should have been for April 1, April Fool's Day, because no other Congress attempting or pretending to do justice to the farmer did more to fool the farmer. By June 15 the Agricultural Marketing Act, without the equalization fee, became a law. Many months later a tariff bill, familiarly known as the Hawley-Smoot bill, became a law. Under the workings of these two laws farm wreck and ruin followed.

I am glad to have been one of 35 Members of the House who at that time voted against the Hoover Agricultural Marketing Act. I will say to my colleague from Oklahoma, when you talk about gigantic failures, the Hoover Farm Board Act represented the greatest, the most colossal, the most gigantic failure of any pretense at doing justice to the farmer that we ever had.

Mr. MASSINGALE. Would the gentleman mind if I said I agree with him?

Mr. NELSON. I thank the gentleman.

Mr. Chairman, President Hoover used two pens when he signed that bill. With one pen he wrote "Herbert" and with the other pen he wrote "Hoover." One of those pens was presented to the chairman of the House Committee on Agriculture and the other to the chairman of the Senate Committee on Agriculture. I recall also that on the day the Hoover Farm Board bill went into effect some prices were: Sweet cream, 44 cents; prime cattle, \$14.75; hogs, \$11.15; wheat, \$1.08; corn, 92 cents; and oats, 45 cents. I remember, also, that by 1932 prices had dropped so low that from my own farm I sold hogs at \$2.80, wheat had gone to 25 and 30 cents, corn was selling at 10 to 15 cents per bushel, oats and rye about the same or less, and other things in proportion. With the inauguration of the Roosevelt administration and the repeal of the Hoover Agricultural Marketing Act, livestock and grain prices advanced until today they are more than double the ruinous 1932 prices. Of course, they ought to be higher. The farmer is entitled to the cost of production. He has not it, but he is much nearer than under Hoover.

So, Mr. Chairman, while agricultural legislation enacted under the Roosevelt administration does not in all respects represent my views, I do not agree that the results represent a colossal failure. Far from it. [Applause.]

[Here the gavel fell.]

The Clerk read as follows:

#### ERADICATION OF FOOT-AND-MOUTH AND OTHER CONTAGIOUS DISEASES OF ANIMALS

In case of an emergency arising out of the existence of foot-and-mouth disease, rinderpest, contagious pleuropneumonia, or other contagious or infectious disease of animals, which, in the opinion of the Secretary of Agriculture, threatens the livestock industry of the country, he may expend in the city of Washington or elsewhere any unexpended balances of appropriations heretofore made for this purpose in the arrest and eradication of any such disease, including the payment of claims growing out of past and future purchases and destruction, in cooperation with the States, of animals affected by or exposed to, or of materials contaminated by or exposed to, any such disease, wherever found and irrespective of ownership, under like or substantially similar circumstances, when such owner has complied with all lawful quarantine regulations: *Provided*, That the payment for animals hereafter purchased may be made on appraisement based on the meat, dairy, or breeding value, but in case of appraisement based on breeding value no appraisement of any animal shall exceed three times its meat or dairy value, and, except in case of an extraordinary emergency, to be determined by the Secretary of Agriculture, the payment by the United States Government for any animals shall not exceed one-half of any such appraisements: *Provided further*, That the sum of \$5,000 of the unexpended balance of the appropriation of \$3,500,000 contained in the Second Deficiency Appropriation Act, fiscal year 1924, approved December 5, 1924, for the eradication of the foot-and-mouth disease and other contagious or infectious diseases of animals, is hereby made available during the fiscal year for which appropriations are herein made to enable the Secretary of Agriculture to control and eradicate the European fowl pest and similar diseases in poultry.



Mr. LUTHER A. JOHNSON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am in sympathy with the effort to reduce the expenditures of the Federal Government. I realize such efforts must be initiated by the Committee on Appropriations. However, I believe the committee has exercised rather poor judgment in seeking to make such drastic reductions on the Department of Agriculture appropriation bill. I have read and have before me the report of the committee on this bill, with particular reference to the heading "Reductions under Budget," on page 3. I have read that paragraph in the hope I might find some justification for the very drastic reductions that have been made.

As pointed out yesterday by the chairman of the House Committee on Agriculture, the gentleman from Texas [Mr. JONES], this bill carries a reduction of 51 percent of the appropriations made last year for the Department of Agriculture. I question whether the Committee on Appropriations will make such a drastic reduction in any of the other appropriation bills that will be passed by the House. I know such reductions have not yet been made in the appropriation bills passed at this session. I ask, Why, this bill dealing with the greatest of all undertakings of the Government and affecting directly 31 percent of our population and indirectly our entire population, the economy ax should be laid with such cruel force? Restoration of farm purchasing power is fundamental to national recovery. The Budget will never be balanced until the buying power of the farmer is restored, and when this is done the problems of industry and unemployment will automatically be solved.

I am also in sympathy with what the gentleman from Texas [Mr. JONES] said yesterday to the effect that the Committee on Appropriations, of course, has the right to determine and recommend the amount of appropriations; but he questioned the wisdom and authority of a committee of this House, a committee which is not the master of the House but the servant of the House, in eliminating entirely from a bill all appropriations for projects and activities which Congress, by its solemn vote, had decreed should be carried on. I believe the committee has exceeded, if not grossly abused, its authority in eliminating entirely all appropriations for projects which Congress has decreed should be carried on and which have been successfully carried on with advantageous results, not only to agriculture but to the country as well. The farm-tenant problem and other similar activities are ignored, and no appropriation is made for them whatever.

Time will not permit me to point out these various activities that have been eliminated from the bill, but I shall vote to restore many of them when amendments are offered, for they are important, not only to the farmers but for the general welfare and prosperity of the Nation.

For the moment let me recur again to that paragraph of the report of the committee attempting to justify these reductions, for which the committee gives an excuse but not a reason. I quote:

In conformity with the general policy of retrenchment of expenditures in Government establishments, this bill contains a very substantial amount of reduction under the Budget estimates.

I should say "substantial" is a rather modest word, when the reduction is 51 percent under last year's appropriation. I read further from the report:

Many functions have been eliminated in their entirety, and reductions have been effected in the greater portion of the individual items covering the Department's regular activities. It cannot be denied as to any of these cuts that they will diminish the benefits to agriculture resulting from the various activities under research of the kind which has been provided for in some instances over a period dating back almost to the beginning of the Department.

It is not only recent activities whose appropriation the committee has cut or eliminated; instead, as the committee admits in its report, some of the activities go back almost to the beginning of the Department of Agriculture.

Continuing from the report, I read:

However, it is generally conceded that if the Department were granted the full amount of the Budget covering the entire Government establishment, that useful results would be obtained through

the enlargement of the research activities of the Department. There is no appropriation that has ever been made that can be said to be wholly adequate.

True, of course. I believe that statement is academic and not subject to argument. But because you can never make an appropriation that is adequate, why throw up your hands and say, "We will not make any appropriation, we will just cut it out"? [Applause.]

[Here the gavel fell.]

The Clerk read as follows:

Dry-land agriculture: For the investigation and improvement of methods of crop production under subhumid, semiarid, or dry-land conditions, \$100,000: *Provided*, That no part of this appropriation shall be used for the establishment of any new field station.

Mr. JONES of Texas. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JONES of Texas: On page 31, line 20, strike out "\$100,000" and insert in lieu thereof "\$226,828."

Mr. JONES of Texas. Mr. Chairman, under the provisions of the bill, 9 of these dry-land experiment stations will be abolished, as I understand, even if the Budget estimate is accepted, but, under the provision that is in the bill, a total of 17 of these stations will be abandoned.

These stations do a very valuable work in research and in determining the nature and type of crop that is suited to the particular locality in which they are operating. In many instances I know that local people have contributed the land to the Federal Government under a cooperative agreement under the terms of which these stations are to be maintained, and the States are contributing in many instances to their maintenance. For the difference between \$100,000 and \$226,000, or \$126,000, these stations would be abandoned and the facilities which they have built up, and which have been built up by local people as well as by the States, would be done away with.

This seems to me to be a very poor type of economy. I certainly believe that when these stations have been doing such fine work and improving the type of crops it would be wise if the stations were continued, especially since the Farm Credit Administration, as well as the Farm Security Administration, have been using these stations in connection with making loans to farmers to determine whether or not loans should be made, or the amount in which the loans should be made.

Mr. Chairman, a number of Members are here who are directly interested in the various stations, and I want them to have a chance to present the various phases of the question if they desire to do so. I do not want to take up much time. I certainly believe, however, that these stations should be continued. [Applause.]

Mr. CANNON of Missouri. Mr. Chairman, I wonder if we can come to some agreement on the time to be consumed in debate on this paragraph. How many Members desire to speak on this amendment? Eight Members have arisen, Mr. Chairman. I ask unanimous consent that debate on the pending amendment close in 50 minutes, 40 minutes of that time to be consumed by the gentlemen who have risen, the remaining 10 minutes to be allotted to the committee.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. CASE. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, in the first of my remarks I want to talk to some of my friends on the Republican side of the House. The other night the minority leader went out to Kansas and there made a speech to the people of the West, and to the people of the West the Republican leader in this House said:

Our front line for the United States is not anywhere in Europe, but is at the factory door and at the farm gate.

I do not want any action taken by the Republican Members of this House today to deny that speech or that statement which the minority leader made to the people of the

West. [Applause.] And I appreciate the applause from the other side of the House.

We are approaching now the first vote on amendments offered to this particular bill. I want the gentlemen on this side of the House when they vote today not to vote blindly, not to deny what the minority leader said, but to remember that the front line, so far as this country is concerned, is at the factory door and the farm gate.

Now, what is this amendment we have before us? The amendment proposes to continue in operation or to permit the continuation in operation of the dry-land experiment stations, some of which have been going on for 40 years, scattered throughout 15 States in the West, covering one-fifth of the area of the United States. I put the names of the stations in the RECORD yesterday. There are 2 or 3 in Montana, 1 in Nebraska, 1 in Colorado, 2 or 3 in Texas, 1 in New Mexico, 1 in Wyoming, a couple in Oklahoma, 1 in Oregon, 1 in South Dakota, and 3 in Kansas. These stations get a very small amount of money, from \$3,000 to \$9,000 a piece. They derive most of their funds from what they produce in their experimental plots. The Federal Government owns from 60 to 360 acres of land in connection with these stations, and has its investment in buildings, lands, and equipment. The bill as drawn denies them funds and will let these places go to wrack and ruin.

The subcommittee found it possible to provide money to carry on tobacco investigations, cereal-food investigations, botany, soil microbiology, and all that kind of thing, but proposes to reduce funds for dry-land stations by 53 percent and wipe out 17 of them. They did this on an argument which I think the committee did not fully understand.

The only statement that was made in opposition to the items, as I understand, was, "We are buying up some of the land out West and why should we maintain these experiment stations?" Well, suppose you are buying up some of the land out West. In my State you are buying up less than one-fiftieth of all the land in the State—considerably less than that, about one seventy-fifth—and the same thing is true in these other Western States, and just because there has been some land bought in some of these States does not mean that those States have no productive land in them. The people are not moving out, most of them are there and will continue to live there. Why not help them to have the production suited to their conditions as you do elsewhere?

These stations are the stations that for years had been building up our weather records, our production records on wheat, our records on grass, our records on trees, so that the people who are living in these States may do the best they can. These individual stations do not get over \$3,000 or \$4,000 apiece, and yet because of what they are able to produce on these stations, with a little technical help, they are able to provide guidance for the farmers and the ranchers living in the West. On this first vote do not slap the West down. Our front line is at the farm gate. Support the amendment offered by the gentleman from Texas and continue these dry-land experiment stations. [Applause.]

[Here the gavel fell.]

Mr. MAHON. Mr. Chairman, I think there should be no difference of opinion among thinking men on the question of scientific research—scientific research in industry, scientific research in the field of agricultural production and consumption. We must make the research in these experiment stations, and we are doing this work at a minimum of cost, if we are to pass on to the farmers in those communities and in the Nation the information that will enable them, under adverse conditions, to more nearly eke out an adequate income from their farming operations.

There is not a great sum of money involved in the amendment offered here. The complete sum for all 19 stations in this dry-land area, covering many States, is only \$226,000; \$226,000 spent in research in order that information may be distributed to thousands and to millions of farmers to the end that they can produce at lower cost a better product and sell it on the market and enable their farm operations to go forward.

#### EXPERIMENT STATION, BIG SPRING, TEX.

There can be no sense in the elimination of these stations. In my own congressional district at Big Spring, Tex., 25 years ago, at the request of the Federal Government, a donation of 130 acres was made in the outskirts of the city of Big Spring, and for 25 years the Department of Agriculture has been experimenting there with various plants, animals, and crop practices. Their experimental work in milo-maize feeding to beef cattle has been given national recognition. The experiments done in cotton culture have proven beneficial. The numerous developments in many fields at the Big Spring, Tex., station have been of untold value to thousands of farmers over a wide area and over a period of years.

It is not a great expense to operate this station. The cost is about \$7,000 a year. Now they propose to use the economy act and chop off this work in order that we may save \$7,000 a year; break the continuity of this work; deprive the Nation of a continuation of their development and experience there, in the false name of economy. It should not be done. It must not be done, and I believe it will not be done if the Members of this House will think seriously about this question at issue. Debate if you will about vast expenditures for other matters, but let us not quibble on a question so vitally important as the study of better farming methods at a minimum of expense in these 17 experiment stations over a wide area of the Nation. [Applause.]

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I do not believe there is a single item in this great appropriation bill which can be justified to any greater extent than the item which is included in the amendment proposed by the gentleman from Texas [Mr. JONES].

I have personal knowledge of the work that these experiment stations are doing, because three of them are located in the State of Kansas, one of them in the county in which I live. I have followed their work for a great many years. For more than 25 years, in fact, I have had an opportunity to observe the work of this station in my home county. These stations are scattered throughout the Great Plains area, an area which is a problem area in this country. It is an area which has the richest soil in America. There is but one limiting factor to crop production in that area, and that is inadequate rainfall. But inadequate rainfall is not a serious handicap to farming in that area or in any other area, if we know the type of crops and the methods of farming which can be carried on successfully. That is what these stations have been doing. They have done enough work in the development of grain sorghums to pay the cost of all of these stations for 100 years, because they have developed a type of grain that can be grown successfully in that area.

Their work in that regard is not finished yet by any means, because year after year they are developing types that are disease-resistant, drought-resistant, and which are more productive. Progress can be noted year after year in what they are accomplishing through careful research in those stations. The station in my own county has done a great deal along the line of lamb feeding—the feeding of grain sorghums to lambs and other livestock in that area. That is a type of work which is very essential in that country, because it has resulted in greater diversification of agricultural activities. Other stations have done comparable work in projects which are of particular interest and benefit in the areas in which they are located.

The amount asked here is nothing as compared with the major items of this bill and as compared with the great work that is being done. These stations are now reaching the stage where their benefits are beginning to be realized, because this work is cumulative. Every year that these stations are in existence their results are verified, their experiments are extended. It takes a long period of time to work out these research problems. So that this year they are doing more and better work than they have ever done. Next year, if we give them the money to function, they will do better and more work than this year.

[Here the gavel fell.]



The CHAIRMAN. The gentleman from Texas [Mr. THOMASON] is recognized.

Mr. THOMASON. Mr. Chairman, for nearly 10 years, since I came to this House, I have always followed the leadership of my lifelong friend, the gentleman from Texas [Mr. JONES] on agricultural matters. Next to him I regard as the best authority in this body, a man who has given great study to the farm problem, our Republican friend from Kansas [Mr. HOPE], who has just spoken. Here are our two outstanding leaders who have given years of study to this special problem and here is the Legislative Committee on Agriculture that has devoted days and even months to the study of these problems, and all of them strong for this amendment in spite of the opposition of some of our friends on the Appropriations Committee who cannot know so much about the situation. So there must be merit in it.

Now, we propose to reduce appropriations 10 or 15 or 20 percent as we are doing on the balance of the appropriations that come in, but on this matter we will just kill the child while we are at it. To me that is the height of folly as well as unfairness.

I just want to take a minute or two to confirm what the gentleman from Texas [Mr. MAHON] said about the station at Big Springs, Tex. I do not have one of these stations in my district, but when I came to this House 10 years ago Big Spring was in my district, and I have personal knowledge of what those people have done down there and what has been accomplished. If you do not want to take my word for it, you ask the authorities over in the Department of Agriculture or in the extension service of Texas A. and M. College, and you will find out about the splendid work that has been done at the Big Spring station.

The people of that section gave the land for this station. Great good has been accomplished there, and I undertake to say that we are not acting in good faith with them and the people of these other communities when we absolutely abandon these experiment stations. If you want to reduce the appropriation, I shall not complain about that, because we are all yelling our heads off about economy, but when I think of some of the proposals about battleships and great Army appropriations, even from my own committee—and I am for a lot of them—and then say that an experimental station away out in the arid West, in a country like where I live, that is operating at an expense of only about \$7,000 a year and that does 10 times that much good, then I say it is unfair and unjust to abandon it. Reduce the overhead if necessary, but do not kill it.

Mr. SOUTH. Mr. Chairman, will the gentleman yield?

Mr. THOMASON. I yield briefly.

Mr. SOUTH. As the gentleman knows, I live in the same area in which the Big Spring station is located. I want to endorse what the gentleman has said. I would like to say briefly that we should not overlook the fact that the great industries of this country—steel, automobiles, and chemicals—are appropriating more money during recent years than they ever have before for research.

Mr. THOMASON. Everybody knows that, and now to say that these little stations out in North Dakota, South Dakota, New Mexico, Kansas, west Texas, and the arid country that are spending on an average only \$7,000 per station, to say that these are to be completely abandoned is absolutely unfair. I plead with you to restore this item. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The gentleman from Oklahoma [Mr. FERGUSON] is recognized for 3½ minutes.

Mr. FERGUSON. Mr. Chairman, first I want to establish in the minds of the Membership of the House beyond the realm of doubt that the actual result as stated by the Members who have talked are as they say. I hold in my hand a letter from the Chief of the Bureau of Plant Industry in which he states that every station except the regional station at Woodward and Mandan will have to be abandoned under this cut brought in by the committee. This is official from the man who administers the money. In this letter he states the amounts of money necessary to continue these

stations; for instance to pick them at random—Huntley, Mont., \$2,000; Tucumcari, under \$8,000; and on down through the little stations, none of them using as much as \$10,000 of Federal funds. Under permission granted in the House I wish to insert a letter from Dr. Auchter, Chief of the Bureau of Plant Industry, a statement of the stations that would be closed and a short summary of the work of these stations:

UNITED STATES DEPARTMENT OF AGRICULTURE,  
BUREAU OF PLANT INDUSTRY,

HON. PHIL FERGUSON,

Washington, January 31, 1940.

House of Representatives.

DEAR MR. FERGUSON: In accordance with the request which you made of me this morning, I am transmitting a statement showing what governmental stations will be abandoned and where cooperative work with State experiment stations will be discontinued as a result of the cut made in the dry-land agricultural appropriation of the Bureau of Plant Industry by the Bureau of the Budget, and the same information following the additional cut made by the Subcommittee on Agriculture of the House.

In addition, in accordance with your request, I am enclosing a brief statement showing some of the accomplishments of the Division of Dry-Land Agriculture and how the evidence obtained by the Division of Dry-Land Agriculture at its stations has been and is now of benefit to other Government agencies.

Very truly yours,

E. C. AUCHTER, Chief of Bureau.

Bureau of Plant Industry—Dry-land agriculture

1940 ALLOTMENT

I. Reduction of \$51,828 shown in Bureau of Budget estimate will affect the following stations as indicated:

|  |         |
|--|---------|
| A. Federally owned stations (discontinue all work, abandon owned land and buildings):                              |         |
| Oklahoma: Lawton (160 acres owned, 60 by permit).....  | \$9,250 |
| Texas: Big Spring (130 acres owned).....   | 7,400   |
| B. Federally owned station (Division of Irrigation Agriculture) (discontinue cooperative dry-land investigations): |         |
| South Dakota: Newell (360 acres federally owned).....  | 4,075   |
| C. Federally operated, on leased land:   |         |
| Wyoming: Sheridan (320 acres under indefinitely long lease).....   | 8,200   |
| D. State substations (discontinue cooperative dry-land investigations):  |         |
| Kansas:  |         |
| Colby.....   | 3,475   |
| Garden City (40 acres nominally leased to year 1963).....  | 3,000   |
| Montana: Moccasin.....   | 3,350   |
| North Dakota: Dickinson.....   | 4,375   |
| Oregon: Pendleton.....   | 4,900   |
| Wyoming: Archer.....   | 3,830   |

II. Further reduction of \$75,000 shown in House committee report will affect the following additional stations as indicated:

|  |       |
|--|-------|
| A. Federally owned stations (discontinue all work, abandon owned land and buildings):                              |       |
| Colorado: Akron (66 acres owned, 320 acres leased to year 2030; 20 acres leased to year 2031).....                 | 9,250 |
| B. Federally owned station (Division of Irrigation Agriculture) (discontinue cooperation in dry-land agriculture): |       |
| Montana: Huntley (360 acres federally owned).....  | 4,800 |
| C. Federally operated on leased land:  |       |
| New Mexico: Tucumcari (481 acres leased to year 1999).....   | 8,300 |
| Texas: Dalhart (160 acres leased to year 2007).....  | 8,350 |
| D. State substations (discontinue cooperation in dry-land agriculture):  |       |
| Kansas: Hays.....  | 5,450 |
| Montana: Havre.....  | 3,925 |
| Nebraska: North Platte.....  | 5,500 |

III. Total reduction of \$126,828 will:

- Discontinue all work and abandon owned land and buildings at 3 federally owned stations.
- Discontinue all work at 3 federally operated stations.
- Discontinue cooperative work in dry-land agriculture at 2 Federal stations operated by the Division of Irrigation Agriculture.
- Discontinue cooperation in dry-land agriculture at 9 State substations.
- Leave only the two regional stations, one at Mandan, N. Dak., the other at Woodward, Okla. Even at these two stations the work will have to be curtailed.
- Seriously curtail all Washington services to dry-land agriculture investigations in the Great Plains.
- Discontinue services of 23 professional men, 5 clerical workers, 14 farm laborers, and 50 to 75 temporary laborers.

IV. Discontinuance of these field stations will mean that the facilities will no longer be available for cooperative investigations with other Divisions in this Bureau such as Cereal Crops and Diseases, Fruit and Vegetable Crops and Diseases, Forage Crops and Diseases, and with other Bureaus, such as Animal Industry, Dairy Industry, and Soil Conservation Service.

**SOME RESEARCH ACCOMPLISHMENTS OBTAINED AT DRY-LAND AGRICULTURE STATIONS**

1. Development of cultural methods and practices for the successful growing of grain and feed crops in dry-land areas.
2. Have determined methods for controlling soil erosion by wind and water in connection with successful cropping methods.
3. Have developed methods of determining in advance of seeding whether there is sufficient moisture in the soil to produce a satisfactory crop of wheat.
4. Have developed through breeding and selection practically all the present used varieties of sorghums in the dry-land areas which can be harvested with combines.
5. Have originated short-season drought-resistant varieties of tomatoes for the Great Plains area.
6. Have developed in cooperation with other divisions improved varieties of wheat adapted to the dry-land areas.
7. Have determined in cooperation with other agencies the most desirable varieties of small fruits and vegetables for the Great Plains area.
8. Have determined the value and best use of windbreaks for the protection of the home, livestock, and crop production.
9. Crested wheat grass, the most important cultivated pasture and forage grass in the northern Great Plains, was developed and introduced by the dry-land stations in cooperation with other agencies.

Many of the practices and policies developed in the dry-land areas by other agencies of the Government, such as the Soil Conservation Service, Farm Security Administration, Agricultural Adjustment Administration, and the Farm Credit Administration, are based at least in part on the research findings of dry-land agriculture. The Bureau of Plant Industry has been established for over 40 years and has been securing plant and soil data during all this time. Evidence was thus available in many cases to answer the questions which immediately confronted the newer action agencies when their work started. Since the start of these various agencies the Bureau has been and is being called upon to furnish accurate information on such things as:

The crop-producing power of soil-types in different areas.  
The best crops and rotations to use for the most successful agriculture.

The kinds of grasses, vines, or shrubs for use to prevent erosion.  
The producing value of land in relation to equitable loans.  
The best methods of range revegetation and grazing practices.  
The determination or classification of crops relative to their soil-depleting or soil-improving qualities.

The determination of plants to be used and of methods to be followed in future management of lands abandoned for crop use.

The determination of rates for crop insurance has been based upon the data accumulated in experiments conducted at the dry-land stations.

The determination of the best shade trees and ornamental plants to plant and the best methods of planting them in the Great Plains area have been determined at these dry-land stations.

I know this House wants to be fair. After all, there are not many people living in the Great Plains area extending all the way from the Gulf of Mexico to Canada. We are, as far as votes are concerned, defenseless in this House; yet, so far as area and problems to be met are concerned we rank No. 1 in the Nation. Certainly this House cannot forget the dust that came from the Great Plains and settled even on the Capital. If you lived in that country and could view these field stations in operation, could see what they have accomplished in teaching the farmers and the ranchers how to resod that blowing land, how to terrace it, how to catch the water and bring back a stand of grass, how to grow trees, grapes, and fruit, the kind of sorghums to plant that will resist drought, in all, how to farm successfully on the plains, you would realize that to economize by cutting off this \$126,000, to close those buildings and those lands, most of the land donated by States and individuals, would be to do a great injustice to the great expanse of territory that needs aid.

We find no reduction in cotton, tobacco, rice, and sugar investigations, for control of insects and pests. Everything that has a block of votes here in the East is well taken care of, but we from the semiarid country have to suffer by this cut. Certainly our people in this area deserve the great aid from the Federal Government these stations afford. The Great Plains area is the bread basket of the Nation. It provides a

large portion of the livestock for the Nation. Certainly \$226,000 is not too much to spend for the agricultural guidance of this great territory.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. FERGUSON. I yield.

Mr. COOLEY. Does the gentleman know of any justification which has been suggested for abandoning these research laboratories?

Mr. FERGUSON. The only thing the committee said was that the States should assume the entire responsibility for maintaining these stations.

Mr. COOLEY. Has it been suggested that the activities of these laboratories might be transferred to the regional laboratories which are going to be established and opened soon?

Mr. FERGUSON. Certainly not. No such proposal has been made, to my knowledge.

Mr. COOLEY. In other words, the proposition is to abandon completely the work which has been done.

Mr. FERGUSON. Yes; completely to abandon the work. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The gentleman from Montana [Mr. O'CONNOR] is recognized for 3½ minutes.

Mr. O'CONNOR. Mr. Chairman, it will be impossible in 3½ minutes to add anything of importance to that which has been said in the splendid speeches that have been made upon this amendment. I simply want to call attention to the fact that three of these dry-land stations that would be eliminated if this cut is sustained, are in the district in Montana which I represent: One at Havre, which is State-owned and to which the Federal Government has been contributing about \$4,000 per year to maintain; one is at Moccasin which the State owns and to which the Federal Government has been contributing in the neighborhood of \$3,350 a year to maintain; and the third is at Huntley, in eastern Montana. This one is owned by the United States Government. The Federal Government bought the land, has leased the necessary land to carry on the experimental work in conjunction with the land it owns and has also constructed several very expensive buildings at Huntley. All of which as stated are owned by the Government. If you abandon this project now all of these buildings would go into a state of disrepair and the amounts heretofore expended by the United States Government would be entirely lost.

The people of that country living in an arid region of approximately 60,000,000 acres would be denied the splendid use that has been made of these dry-land experiment stations. They were established nearly 30 years ago and have made valuable contributions along agricultural studies of great benefit to the arid regions. I want to say to the Members that the Congress could not possibly in the light of the information that is given as to what these stations are doing and the purposes to which they are actually put, be against the amendment offered by the distinguished gentleman from Texas. I will enumerate some of the activities carried on at these stations: First, a study of the crop-producing power of soil types in different areas. Second, the best crops and rotations to use for the most successful agriculture. Third, the kind of grasses, vines or shrubs for use to prevent erosion. Fourth, the producing value of land in relation to equitable loans.

It fits in with every agency of the Government that has to do with carrying on loans, developing new sorts of grasses, insurance and all that sort of thing.

Again, the determination or classification of crops relative to their soil-depleting or soil-improving qualities.

The determination of plants to be used and of methods to be followed in future management of land abandoned for crop use.

The determination of rates for crop insurance has been based upon the data accumulated in experiments conducted at the dry-land stations.



The determination of the best shade trees and ornamental plants to plant and the best method of planting them in the Great Plains area have been determined at these dry-land stations. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Nebraska [Mr. STEFAN].

Mr. STEFAN. Mr. Chairman, I rise to join the other members of the committee who have spoken in favor of the amendment offered by the gentleman from Texas [Mr. JONES]. The House Committee on Appropriations was not unanimous in favoring all of these drastic cuts in this agriculture appropriation bill. As a member of that committee I opposed some of these cuts because I felt they were too drastic and because these cuts represented a direct attack on my agricultural district, where we need help now so badly. To me it represented a desertion of our farmyards. I am as anxious as any Member here to make reductions wherever that is possible. I am in favor of some of the reductions in this bill, but not in favor of all of them. The cut has been too deep and, in my opinion, too drastic, and, if allowed to remain, will cripple some of the good work which has been done.

I am for the retention of this item because I feel the work has helped the farmers in my district. I feel the continuation of this item will help our farmers who are faced with a plain statement from the Agriculture Department that they might as well go out of the corn-growing business and turn to the growing of a new kind of a crop. Drought has hit my district year after year. Of course, we pray that we will have rain and a good crop this year. We are not defeatists, and we appreciate the fact that the land in the Third District of Nebraska is about the richest land in the world. But we know now that a drought can come year after year, and that some grasses, sorghums, and grains will resist the drought. The people running these dry-land experimental stations can help our farmers in the growing of these new crops. So let that item stay in the bill and let these people help our farmers where help is needed right now. You see, we in Nebraska are up against some hard problems. We know how to raise corn. In my district we raise some of the best corn, grain, hogs, and cattle in the world; that is, when it rains on time and when there is no severe drought. Last year we raised only about 10 bushels of corn to the acre. Our neighbor, Iowa, raised 50 bushels to the acre. The Secretary of Agriculture tells me we have to raise some other kind of crops, some drought-resisting crops, such as sorghums. Some of our farmers know how to grow that, but maybe there are some things which these experts can suggest that is better, or they can suggest and help in making improvements. Our farmers do not want to leave that country. They know the richness of the land upon which they live. They know what it means to them if they have to be forced off the farms and go into the towns on relief or follow the crowds to the Pacific Northwest or California to take their chances on something new. They want to stay home. I feel the work of this particular branch of the Department will help them stay on their farms. It is going to rain again in my district and we are going to harvest good crops once more. The help this department will give us will just add to the strength and hope of the people who want to stay on the Nebraska farms. The amount to be spent is a drop in the bucket compared to what you are throwing into some appropriations for the Army and Navy.

The work of this department, connected with the work of the farm forestry and other meritorious programs in my district, will, in my opinion, eventually whip the drought and, in fact, will stop erosion, stop land blow-outs, and even dust storms. I appeared before the committee and asked for increased appropriations for the farm-forestry item and also the retention of the parity payments, but I want to stress the protective work that has already been accomplished by the farm-forestry people. With their work and the resodding of land by this particular department and the rest of the program in my State, we should see a great change there in the next few years. You should see some of the great trees which

are now protecting our farms as a result of the work of the farm-forestry people.

Mr. FERGUSON. Will the gentleman yield?

Mr. STEFAN. I yield to the gentleman from Oklahoma.

Mr. FERGUSON. The Woodward station for years has been putting out trees. That station developed the Chinese elm and it has over 500 cooperators. It has had trees in production for the last 10 years.

Mr. STEFAN. Mr. Chairman, I thank the gentleman from Oklahoma for his contribution. I hope that he will join me in my efforts to secure a permanent program for the farm forestry. It has proved itself so satisfactory to the farmers and all the people in my State that it should no longer depend upon uncertain funds and handouts from relief funds. It should have an independent and permanent set-up in the Department of Agriculture because there is no longer a question of the good it has accomplished and the great benefits we of Nebraska can expect from it in the future. We also are growing Chinese elm successfully in my district along with many other kinds of trees, such as the regular elm, cedar, wild plum, cottonwood, and, in fact, we have learned just what kind of trees will grow successfully in our particular kind of soil. Our trees are growing about 75 percent successfully on land where there have been no trees before. Trees planted in 1936 now are 20 and 30 feet in height and are already proving great refuges for wildlife, stopping winds and erosion, and eventually will provide wood for the farm woodlot. In fact, the farmers in my district feel that this is one of the best programs we have ever attempted.

Now, regarding the dry-land stations which I hope we will put back into this bill, I favor them now because I believe they will eventually show that the reduction philosophy of the Administration is absolutely wrong. I feel that they will eventually prove that the Secretary of Agriculture is wrong when he intimates that we in Nebraska should quit growing corn.

You know most of the farmers in my district have been successful in growing corn and hogs when climatic conditions have been good. In recent years, due to the drought, we have lost successive corn crops. We have participated in the soil-conservation program and the benefit payments are welcome. However, due to the fact that our corn crop has been a disappointment during several years past, many of our farmers have requested that I ask the Secretary of Agriculture to give some special attention to the drought areas. Many of the farmers in my district who participate in the program feel that perhaps States such as Iowa, where they raised an average of 50 bushels of corn to the acre last year, get somewhat of a preference over Nebraska where we raised an average of only 10 bushels of corn to the acre. Many of these farmers felt that the Secretary should have left our corn and grain acreage the same in 1940 as it was in 1939 until we caught up on our yield which we will eventually do. In reply to my request for some such concession the Secretary of Agriculture replied that Nebraska may have to turn away from the growing of corn and turn to drought-resisting crops, such as sorghums. The 1940 program having been made by the Department, nothing further could be done, so the farmers there must follow the program set up by the Department. However, I still am opposed to this philosophy and feel the farmers in the drought district should be given some special consideration in the acreage plantings until we catch up in our harvest yields.

All of this, of course, is beside the point, but it indicates that the dry-land stations can be of great benefit to the farmers in my district who are told by this high authority that they must turn to growing new and "other kind" of crops than they are normally familiar in growing.

In passing I wish to tell the Membership of the House of my appreciation of the new policies and new ruling of the Farm Credit Administration regarding Federal land-bank loans. I believe that these rulings will help many of

the farmers in my district to stay on their farms. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Colorado [Mr. CUMMINGS].

Mr. CUMMINGS. Mr. Chairman, I shall not take much time, but I would like to qualify as a witness on behalf of the pending amendment. I have lived on and west of the one-hundredth meridian and have farmed for more than 60 years. We have an agricultural station in my district at Akron, Colo. Three years ago I spent a day there. I saw barley growing that would yield 25 bushels to the acre, while on a plot alongside of that station there would not be returned the seed. I saw wheat that would make more than 15 bushels to the acre, while on an adjoining plot it was dead. I saw as fine trees, 12, 15, and 20 feet high, growing as you ever saw any place, while on farms adjoining, farms that had been abandoned, the trees were dead.

There were more green trees at the station in Akron, Colo., than there were on the 100,000 acres surrounding.

Mr. Chairman, there is such a thing as being penny-wise and pound-foolish. I am inclined to think this bill falls into that class. I am satisfied that the grains and the sorghums they have developed will be of benefit to the farmers. They have developed a sorghum at Akron that will mature 200 miles farther north. I am inclined to believe that the proposition of cutting out these experimental stations is being penny-wise and pound-foolish. It looks as if the sentiment here is unanimous to restore this cut, so I will not take much of your time. I do want you to know, however, that those stations are bringing back thousands of dollars for every dollar that is expended.

For the reasons set forth above, the amendment should be agreed to.

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Oregon [Mr. PIERCE].

Mr. PIERCE. Mr. Chairman, for more than 20 years I was a member of the board of regents of the Agricultural College of Oregon. During most of that time I was chairman of the committee having charge of the experimental stations, and I know much about that work. I spent days and weeks studying the problem. There is no question but what this restoration ought to be made.

We have one station at Pendleton, Oreg., that will be discontinued if the pending amendment is not agreed to. This station was put in there some years ago. As a matter of fact, I helped locate it. The city and the county furnished the buildings and the land. The State, county, and city have contributed something like \$30,000. One of the objects of that station is to find some way of producing a different wheat than is produced in the Pacific Northwest. Mind you, the station at Pendleton is the only station west of the Rockies covered in this Dry Land Act. We want something different than the soft, white wheat that we now produce. That is a wheat that goes largely into the export trade. A few years ago there was a shortage on the wheat lands just east of the Rockies. We could have filled the want that existed at that time, but we did not have the right variety. Instead, the United States imported from Canada.

Our soft wheat went into export. The Government of the United States since I have been a Member of the Congress has paid more than \$25,000,000 out of the Treasury for subsidies for shipping wheat out of the country, and these subsidies have largely gone into our northwestern country, getting rid of that soft wheat.

One of the things we must learn is how to produce on the dry land a milling wheat that could be used more generally in the United States. That is one of the objects of the Oregon station.

It is certainly a serious mistake to abandon these stations. This work has been going on in these dry-land stations for some years. It is the cumulative knowledge that is valuable and that should be handed on. To stop the work now and to abandon the buildings is the worst of economy. I am for balancing the Budget, and I am for raising the money we have

to spend, but I am not for a reduction in this item. I sincerely hope the amendment will be adopted. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Oklahoma [Mr. JOHNSON].

Mr. JOHNSON of Oklahoma. Mr. Chairman, in my remarks on yesterday I mentioned briefly my objection to the proposal to eliminate these 17 agricultural dry-land experiment stations. I wish to point out at this time that this is not the first proposal of the Federal Budget to eliminate several of the dry-land experimental stations of the country. In 1937 and again in the 1939 bills, the Budget, for some unknown reason, eliminated or attempted to eliminate several of these stations. Heretofore when the Budget has made recommendations to eliminate some 7 of these stations members of the committee, especially those of us from districts where the stations are situated, have been permitted to appear before the committee and express our views and give testimony with reference to the advisability of retaining the stations. Today, however, we have the anomaly of this committee at one fell swoop eliminating the funds for some 17 stations, without even extending to Members of Congress the courtesy of appearing before the committee to express our opinions and our objections to such action.

Heretofore this House and this committee have overwhelmingly voted to support the stations. Just why the committee should eliminate this item of \$226,000 for these dry-land stations is a problem we are unable to solve. Of course, the cost of maintaining all of these stations would not be enough to start to build one small battleship, yet within a few days one of the committees of the House will be in here asking us for one of the biggest peacetime navies in the history of this Republic. Parity to farmers, water facilities, and other important items to farmers have been entirely eliminated. Still others have been drastically reduced. This would indicate that the farmers of the country are going to have to bear the brunt of the construction of these battleships.

Mr. DEMPSEY. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of Oklahoma. I yield to the gentleman from New Mexico.

Mr. DEMPSEY. I wish to call the attention of the gentleman to the fact that the Committee is eliminating only \$126,000.

Mr. JOHNSON of Oklahoma. Yes; it is only \$126,000 for the one item for dry-land stations. If the original amount of \$226,000 is restored, which I believe this Committee will do, the dry-land experiment stations will be able to continue the great work they have been doing for the several years in the past.

Yesterday I mentioned the dry-land station at Lawton, Okla., in the district I have the honor to represent in Congress. That particular station has been established for a quarter of a century. It was established by the Federal Government after much investigation and because of a serious demand for scientific information concerning dry-land farming. This particular station has perfected several drought-resistant grains—sorghums, kaffir corn, and white clover. Although the station was selected by the Government and is owned by the Government, it did not select the richest land it could find, yet year after year, in the face of the fact that we have had a terrible drought in that area, they have improved and perfected many splendid drought-resistant crops and have carried on scientific research that has been really worth while to the farmers of that section. The statement has been made that these stations are duplicating other services rendered by other Federal agencies. But they fail to tell us what other agencies are duplicating the experiments now being carried on so effectively by the various dry-land stations. The fact is, no other agency of Government could possibly do the same work. For example, the Big Springs, Tex., station, the closest to the Lawton, Okla., station on the south, is over 400 miles distant. The nearest station to Lawton on the north is at Woodward, Okla., in northwest Oklahoma. Different conditions prevail in all of these sections. So it is absurd to say that these stations are



duplicating other agencies of the Federal Government. Such argument is simply begging the question.

May I express the hope that the committee will restore the full amount of \$226,000, which will make it possible to retain each of the agricultural dry-land stations now in operation. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Chairman, to show you how just and accurate the gentleman from Oklahoma [Mr. JOHNSON] is in his statement about whether or not the committee was courteous in hearing Members, there are 130 pages of testimony by Members of Congress in the hearings. The gentleman should not make such a statement on the floor of this House.

Mr. JOHNSON of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. No; not now.

Mr. JOHNSON of Oklahoma. The gentleman has referred to me.

Mr. DIRKSEN. Very well; the gentleman can answer it in his own time.

First, let me tell you what the situation is with respect to this item. In the 1940 appropriation bill we provided for \$226,000 for dry-land agriculture. When the Budget sent up its estimate for this year on this item the amount was \$175,000. The Budget cut off \$51,000. This is the Budget's language:

The decrease contemplates discontinuing cooperative dry-land crop investigations at six State substations in Montana, North Dakota, Wyoming, Kansas, Oregon, and South Dakota.

The committee elaborated on that cut and extended it further, and extended it substantially, to the extent of \$75,000. Why? Let us look at the purposes of this appropriation. Regrassing: We are spending \$300,000 on an item of forage crops in this bill for identic purposes. There is an item for \$76,000 for botany in this bill—for that kind of purpose. Cooperative windbreak: We have over \$400,000 in this bill for cooperative farm forestry. Do not let anybody beguile you as to how niggardly we have or have not been.

When all is said and done, there is, in this bill, over \$6,800,000 for experiment stations, and over \$3,500,000 for farm extension—almost \$19,000,000 for agricultural research.

Speaking now to the gentleman from Oklahoma, here are the figures submitted by the Budget. What does Oklahoma get under extension work? Oklahoma gets \$555,000 out of the Federal Treasury. What do they get under title I of the Bankhead-Jones Act? They get another \$59,000. In proper proportion that is true of Kansas, Nebraska, and a great many other States that are getting money out of these basic funds for agricultural research. That covers the whole program of purposes described under dry-land agriculture.

So let nobody say to you that the Congress and the committee has not been generous in dealing generally with this kind of a program. There is \$19,000,000 in the bill for experiment and for extension services, and then sundry other hundreds of thousands of dollars for identical functions.

Mr. HOPE. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Kansas.

Mr. HOPE. However, the gentleman does not contend that this item is a duplication of any of this other work? Is it not a separate and distinct service that is not rendered under any other appropriation?

Mr. DIRKSEN. I am quite sure I can find for the gentleman duplications of work, particularly when it comes to the matter of trees mentioned by the gentleman from Oklahoma [Mr. FERGUSON]. The Soil Conservation Service has nurseries all over the country. T. V. A. has nurseries; the Forest Service has nurseries; and they are doing all sorts of basic work in trees and in expending hundreds of thousands of dollars for that purpose, and I can find identic functions in other departments of Government that are duplications of the function represented by the dry-land agricultural program.

Mr. JOHNSON of Oklahoma. Was the gentleman's experiment-station item of \$1,000,000 eliminated or reduced a single dollar?

Mr. DIRKSEN. I will say, my good sir, I never raised my voice when the committee touched a single item in which I had any interest.

Mr. JOHNSON of Oklahoma. I do not blame the gentleman. If I am advised correctly, his own station was not disturbed.

Mr. DIRKSEN. Yes; I am willing to take my medicine, but you are not.

Mr. CASE of South Dakota. I was just wondering if there was any duplication in the research work that is to be done in Peoria stations.

Mr. DIRKSEN. Those are devoted entirely to other purposes, as outlined in the Farm Act of 1938, but I can find you lots of duplications here; and speaking about a letter from the Department, I can go to the Director of this Service and get a letter asking for a restoration of this and other items. They will always send letters to get more money, and that is one of the troubles—the pressure and the impact of those down in the departments who are sending letters up here asking for more money and for restoration, when we ought to be thinking a little in terms of economy. Make no mistake about it. We are generous to the point of almost \$20,000,000 for experimentation, for extension services, and for these other functions, many of which are identical with those that they propose to restore now. [Applause.]

Mr. KELLER. Mr. Chairman, I only want to call the attention of this body to the fact that, in my judgment, we are making the same mistake we made in 1936. In 1936, when we had been for a little more than 3 years on the upturn in the business of this country, we made the mistake of cutting our appropriations to less than \$1,000,000,000. The result was the recession and almost panic of 1937. We are doing exactly that same thing this year. We are cutting the appropriations so much that we are going to be compelled to accept another recession during this fiscal year, and we ought to know enough to realize that, and we ought to stop it.

So far as the pending amendment for a small amount for these stations is concerned, there ought not to be any question about that at all, and I hope there is none. I am going to ask permission at a later date to address this body on a subject that I cannot discuss in 2 or 3 minutes' time, and that is to point out to the Congress of the United States and to the people of this country the mistake that the Congress is making along this entire line. When I do this I hope that the gentlemen who are thinking they are practicing economy when they are cutting these appropriations will find out they are practicing parsimony instead of economy, and there is a vast difference between the two; and I am here to talk for the business of this country and not for the throttling of it. I am here to talk for the agriculture of this country and not for the paralyzation of it, and the only way we can get that is to continue along the lines that brought us success, and go back to them and bring more success, and we ought to know that what the gentleman said at the beginning of this debate is true, that this whole thing is up to the gates of the farm and the doors of the factories, and the farmers and the factory people ought to stand together on it, and that would include all the interests of the United States. [Applause.]

Mr. CANNON of Missouri. This entire subcommittee voted unanimously for this cut. We came back to Washington the first of December. We started hearings and went into this particular matter in detail, and, after exhaustive consideration the entire committee voted unanimously for this cut.

In the last few years the departments of the Government have been reaching out and growing like mushrooms. This is especially true of the Department of Agriculture and especially true of these dry-land operations. Its experiment stations have grown up all over the country, doing practically the same work under practically the same conditions. They are treading on each other's toes, studying dry-land farming. Do you know what they are studying? They are studying how to put the land back into native grasses, as explained by

one of the last speakers on this amendment. Why, if they leave it alone, it will go back to native grasses.

Then what will they do with it? I asked that question of one of those gentlemen who appeared before the committee last year. He said, "We will plow it up and put it into wheat." They want the Federal Government to put it back into grass, and then they want to plow it up and put it into wheat—land which ought never have been put into wheat in the first place—land which never should have seen a plow. Then the duststorms came and they are back in Washington again for more money to put it back in native grass.

Now, be fair about this. The committee has not asked you to do anything they would not do themselves. I have an experiment station of my own that is being wiped out along with the rest in this section. There is an experiment station just across the fence from my farm. It runs right up to the gate on my farm where I live. I have taken my medicine along with the rest of you. All that would have been necessary would have been for me to have appealed to the committee of which I am a member, or to have joined the hue and cry with the rest of these members whose beloved stations are being liquidated, and my station would have continued to bloom and blossom as a rose beside my meager acres. So do not think, gentlemen, that you have been abused or discriminated against when the Government diverts this much-needed money to better purpose.

Mr. Chairman, when we cut this bill, every cut we made in it was for a definite reason. We cut it where money was being wasted. We cut it where the United States Government was not getting value received for the expenditure. We cut it where there was unpardonable and unjustifiable duplication. Then the minute we bring it up here, there is a cry of "Save the farmer! Save the farmer!"

Mr. Chairman, every dollar of this cut would be used to ruin the farmer. What the farmer needs is a fair price for his products. Not one penny of this money will be used, or can be used, to raise farm prices. If you gentlemen really want to help the farmer, see that the Committee on Agriculture brings in a bill that will give the farmer a fair wage for his labor. If the Committee on Agriculture, instead of organizing crusades to continue, year after year, the same "experiments" in a dozen different stations, will follow the splendid example of the Committee on Labor and bring in legislation to pay the farmer for his labor—when the Committee on Agriculture puts a floor under farm prices as the Committee on Labor has put a floor under union wages—when the Committee on Agriculture brings in a bill to give the farmer a fair-trade bill to stabilize farm prices as the fair-trade law stabilized retail prices, then we will have solved the farm problem, and you will never solve it until you do that or its equivalent. Not a penny of the money which they are seeking to pry out of the United States Treasury with this amendment will be spent for any purpose which, by any stretch of the imagination, will help farm prices. On the contrary, this money is to be spent to bolster agriculture on land which neither God nor Nature ever intended to be cultivated.

It is bait to lure farmers out into the dust bowls to cultivate perennially drought-stricken submarginal lands. And all they raise will add to the burdensome surplus which is depressing prices in every farm market in the Nation.

We already have too much land in cultivation. We are paying farmers all over the United States millions of dollars every year to reduce acreage, and here you want to add acreage and undo everything we are trying to do in the agricultural adjustment program. It just does not make sense.

Mr. O'CONNOR. Will the gentleman yield?

Mr. JOHNSON of Oklahoma. Will the gentleman yield?

Mr. CANNON of Missouri. I know there is an experiment station in the gentleman's district that is being cut out and he is trying to get it back in order to get votes. [Laughter.]

Mr. O'CONNOR. No, no. That is not it.

Mr. CANNON of Missouri. I want to pass along some advice that Speaker Cannon gave a new Congressman who came

to ask his advice. He came to see Uncle Joe and said, "Mr. Speaker, I would like to come back for at least one more term and I want you to tell me how to do it." The Speaker, who always took great interest in the younger Members, gave him some excellent advice, too lengthy to be repeated here—some of it couched in the lurid language for which he was noted. And among other things he said, "Now don't get the idea that coming back here depends on getting a lot of pork for your district." He said, "My experience is that some of the fellows who get the most pork for their districts go back home and get beaten in the election. That didn't beat them maybe but it didn't help." He said, "You go out there on the floor and vote for the interest of the whole country. Be a statesman instead of a politician and they will send you back here, never you worry."

These dry-land stations are not worth the money we are spending on them. They are doing what ought not to be done. But we are not putting them out of business by this cut. To every State in the Union we are giving \$140,000 in this bill for this very purpose and \$100,000 additional. They ought not to have that much. We are really giving them too much, but the committee wanted to be generous. I appeal to you to vote like statesmen. Stand by your committee who have spent months preparing this bill, and who now unanimously recommend the elimination of this needless and wasteful duplication—this inconsistent effort to sabotage the farm program by putting unneeded land into cultivation and piling up ruinous surpluses. [Applause.]

The CHAIRMAN. The time of the gentleman from Missouri has expired.

All time has expired.

The question recurs on the amendment offered by the gentleman from Texas [Mr. JONES].

The question was taken; and on a division there were ayes 100 and noes 88.

Mr. CANNON of Missouri. Mr. Chairman, I ask for tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. CANNON of Missouri and Mr. JONES of Texas.

The Committee again divided; and the tellers reported that there were—ayes 106, noes 96.

So the amendment was agreed to.

The Clerk read as follows:

In all, salaries and expenses, \$12,795,000; and in addition thereto there are hereby appropriated all moneys received as contributions toward cooperative work under the provisions of section 1 of the act approved March 3, 1925 (16 U. S. C. 572), which funds shall be covered into the Treasury and constitute a part of the special funds provided by the act of June 30, 1914 (16 U. S. C. 498): *Provided*, That not to exceed \$859,319 may be expended for departmental personal services in the District of Columbia: *Provided further*, That not to exceed \$1,500 may be expended for the contribution of the United States to the cost of the office of the secretariat of the International Union of Forest Research Stations and of the Department of Timber Utilization of the Comité International du Bois.

Mr. ALEXANDER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I notice that this appropriation calls for the expenditure of \$16,366,000. I rise to suggest the question whether we are really getting our money's worth out of this over \$16,000,000 investment by the Forest Service section of the Department of Agriculture? I read an article in *Fortune* magazine a short time ago in which the amazing statement was made that we are importing approximately, if I recall the figures correctly, 76 percent of our wood pulp, or pulpwood, the material out of which we make the paper on which our daily and other newspapers are printed.

Up in my State, Minnesota, as you all know—most of you probably have hunted or fished up there—we have millions of acres of cut-over land, land that has been completely denuded of its original, rich forest growth. Many of these acres are owned by the Federal Government in the great Superior and Chippewa National Forests.

Many of the people in Minnesota are asking questions as to the practicability of the expenditure of these millions of dollars which we come down to Congress and appropriate every year. One of the questions that is being asked by them is: In view of the tremendous importation of wood



pulp why does not the Federal Government through the Department of Agriculture or the Department of the Interior, whichever has charge of our forests and is endeavoring to develop our forest areas, or redevelop them, why does not the Federal Government under some arrangement start a program of having our C. C. C. boys go there, or of putting W. P. A. workers into these cut-over areas and reforest them, plant the spruce trees that produce this wood pulp that we are importing from Siberia, Scandinavia, and Canada in such large degree? This is something that would produce dollars and cents for us in a very few years. I understand it takes only from 12 to 30 years to develop such trees to production, depending on climatic and weather conditions.

I do not believe the general public objects to our spending necessary money for relief purposes or for the C. C. C., if we get something in return for the expenditure either in the way of rehabilitation of these boys, or tangible return for the money spent and profitable results from the work done by the W. P. A. workers.

Mr. FULMER. Mr. Chairman, will the gentleman yield?

Mr. ALEXANDER. I yield.

Mr. FULMER. I may state to the gentleman from Minnesota that we visited the Madison Laboratory and were told by them that a program and method had been worked out to produce this pulp and paper in this country. I asked them why they did not do it now so we could get some return for the money we were expending through these laboratories and they replied that 75 percent of our newsprint comes from Canada duty-free. They said, "While you advocate the use of our own pulp for manufacturing newsprint, the newspapers of the country would not let it be done."

Let me state further to the gentleman that we produce in this country 5,700,000 tons of pulp, and we export outside of newsprint, outside of manufactured products, 2,300,000 tons of pulp. If we would do what the gentleman advocates, restore and preserve these resources for the people of his section—and we visited that section of the country, and I know the gentleman is telling the truth about conditions there—if we did what he advocated we would give employment and increased income to a very great many people in that section of our country.

Mr. ALEXANDER. I thank the gentleman for his contribution.

[Here the gavel fell.]

Mr. ALEXANDER. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN (Mr. WARREN). Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. ALEXANDER. I yield to the distinguished Member from Minnesota.

Mr. AUGUST H. ANDRESEN. I am in favor of the program advocated by my colleague, but in order for this program to be a success it seems to me it is absolutely necessary to have some protection for the domestic producers rather than to permit all this pulp produced by cheap labor in other countries to come in duty-free. Unless we give our own industry some protection, the gentleman's proposal would do very little good.

Mr. ALEXANDER. That is in line with what I wanted to speak on during these 2 minutes. I have just obtained figures from the Department of Agriculture which show that in three States alone the cut-over land under public and private control and supervision amounts to 24,304,000 acres, in Minnesota to 8,786,000 acres. Think of it! In the State of Minnesota alone nearly 9,000,000 acres lying idle, crying for use. In Michigan 8,350,000 acres. Remember, now, this is cut-over denuded land, and in most cases it is probably not returning anything to either the State or Federal Government in the way of taxes or anything else in the way of production or values. In the State of Wisconsin they have

7,168,000 acres, and so on we might go through the Western States, the Northeastern States, and the Southern States, for all have been denuded of their forests and are now waiting for us to wave the magic wand which would bring them back to maximum usefulness, as intended by the All-Wise Creator.

Now, what are we doing about the situation—of a constructive nature? It seems to me the Members of Congress have a duty to perform in this matter, and we should insist that this public money, if we are going to appropriate and expend it in these tremendous sums, should be used in a constructive way. Let us insist that some of it be used to put these acres back to work. They are producing nothing today. If we cannot compete with this foreign importation just referred to by the gentleman from Minnesota by utilizing the acres which are not producing anything, which are absolutely worthless as they lie at present, acres that have been paying no taxes for years, by replanting them and with the help of Mother Nature letting them redevelop, I should be very surprised. We can do it or I am greatly mistaken. I think we can compete with this foreign labor, but, even if we could not, I contend it would be more satisfactory than the money, labor, and land waste now worrying us all. [Applause.]

[Here the gavel fell.]

Mr. FLANNERY. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. FLANNERY: Page 42, line 23, strike out "\$135,000" and insert "\$170,000."

Mr. CANNON of Missouri. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. CANNON of Missouri. Mr. Chairman, we have already passed the reading of that paragraph. We are now on page 43, line 12, and the Clerk is about to read the paragraph on "Forest-fire cooperation."

The CHAIRMAN (Mr. WARREN). The gentleman is correct. The Clerk has completed the reading of the paragraph down to line 12, on page 43. The Chair, therefore, sustains the point of order.

Mr. FLANNERY. Mr. Chairman, I ask unanimous consent to return to page 42, line 23, in order to offer an amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania [Mr. FLANNERY]?

Mr. CANNON of Missouri. Mr. Chairman, much as I regret to do so, I must object. However, I will withhold the point of order if the gentleman desires to speak on his amendment.

Mr. FLANNERY. The gentleman objects?

Mr. CANNON of Missouri. I object. I would be glad to have the gentleman discuss his amendment.

Mr. FLANNERY. Under the gentleman's objection, that would be fruitless?

Mr. CANNON of Missouri. That is true.

The Clerk read as follows:

For the acquisition of forest lands under the provisions of the act approved March 1, 1911, as amended (16 U. S. C. 513-519, 521), under sound commercial title satisfactory to the Attorney General as provided in said act, including the transfer to the Office of the Solicitor of such funds for the employment by that office of persons and means in the District of Columbia and elsewhere as may be necessary in connection with the acquisition of such lands, \$1,000,000: *Provided*, That not to exceed \$80,000 of the sum appropriated in this paragraph may be expended for departmental personal services in the District of Columbia.

Mr. CROWE. Mr. Chairman, I offer an amendment which I send to the Clerk's desk.

The Clerk read as follows:

Page 45, line 13, strike out "\$1,000,000" and insert "\$4,000,000."

Mr. CROWE. Mr. Chairman, \$4,000,000 for this one service of the Federal Government, the acquisition of lands for national forests, the conservation of natural resources, this is a very small amount to ask, particularly so when we note that this service in the last few years has been greatly increased. The number of purchased units in the last few

years has been increased to 87. Some of these are in Ohio, some in Indiana, some in Illinois, Missouri, and Iowa. These are just barely getting started. In Indiana 35,000 acres were purchased and these were scattered over some 7, 8, or 9 counties. This is true, as I understand it, in Ohio, Illinois, Missouri, Iowa, and other States.

It is penny-wise and pound-foolish to start a program, get it under way, and then let it lapse. When we are conserving our resources so far as money is concerned, I cannot see why we cannot conserve some of our natural resources. I therefore ask the members of this Committee to join with me in appropriating this small amount of money—\$4,000,000—to conserve our natural resources in the way of forests, which in turn will conserve water; it will conserve land; it will conserve fish, game, and fowl, as well as offer places of recreation, and create valuable assets to the Nation. Nothing would be of more real service to our Nation than the restoration of our forests. I hope the chairman of the Subcommittee on Appropriations will join with me in asking the Members to appropriate the sum of \$4,000,000 for this purpose.

[Here the gavel fell.]

Mr. CANNON of Missouri. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri [Mr. CANNON]?

Mr. JENKINS of Ohio. Mr. Chairman, temporarily I shall have to object. We need more time than that. Cannot the gentleman amend his request to 25 minutes?

Mr. CANNON of Missouri. We are under the 5-minute rule and I trust the gentleman will take only 5 minutes.

Mr. CROWE. Can we not have 25 minutes?

Mr. CANNON of Missouri. Mr. Chairman, I ask unanimous consent that debate on this paragraph and all amendments thereto close in 25 minutes, 5 minutes to be reserved for the committee.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri [Mr. CANNON]?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. JENKINS].

Mr. JENKINS of Ohio. Mr. Chairman, while I am in favor of economy, and I believe I am favoring economy when I support this amendment, if I had been consulted, or if I had anything to say about the preparation of the pending amendment, I do not think I would have asked for the \$3,000,000 increase. Before this discussion is over, after consulting with some of the gentlemen, I may offer an amendment to this amendment cutting it down somewhat. From the standpoint of real merit, and if we were not in the midst of a campaign for economy, an increase of \$3,000,000 would not be too much. The President himself 3 or 4 years ago when he was on the giving side and when money was being distributed pretty freely in this country, asked for and received an appropriation of \$30,000,000 for this work. This money was used very advantageously, as contrasted with money spent in many other places I know of. Later this was cut down to \$10,000,000, which was a very great reduction. Last year it was cut down to \$1,000,000 by the Appropriations Committee, but put back up to \$3,000,000 in negotiations between the Senate and the House.

Mr. Chairman, the sum of \$3,000,000 was found to be inadequate. I want to state to the new Members particularly something in reference to the Forest Service. I say without fear of contradiction that the Forest Service is one of the most genteel services in the Government, especially as it is conducted in Ohio. The situation may be different in other places, but in Ohio its record is very fine. It has opened up forest activities in Ohio that it would be little short of shameful to discontinue. There is no question about it. If these purchases are discontinued in Ohio, the Government is going to lose a lot of money it has put out, and it will crush down an activity that is not only wholesome but profitable. They purchase the cheapest land that nobody else will have and that nobody else can use, the land on the ridges. They take

such land and set it to forest, and in doing so they give employment to the C. C. C. boys and other people. There is no question about it, it is going to develop into money. The Forest Service will tell you that my section of the country is the finest section in the United States for the growth of white oak, poplar, walnut, and timber of that kind. If some of you happen to live in sections that will not grow anything, I cannot help it, but since we live in such a splendid location for forest activities, you cannot blame me for advocating that the activities be continued.

Mr. TERRY. Mr. Chairman, will the gentleman yield?

Mr. JENKINS of Ohio. I yield to the gentleman from Arkansas.

Mr. TERRY. A moment ago the gentleman used the term "genteel," in saying that this is one of the most genteel services in the Government. I hope the gentleman does not mean that the Forest Service is a sort of 4-o'clock-in-the-afternoon-tea service, because in that regard I do not consider that the Forest Service is one of the most genteel services of the Government. I believe it is a he-man service. Those fellows roll up their sleeves and take off their coats and go out and do a man's job in a very essential part of the Government service.

Mr. JENKINS of Ohio. I appreciate the gentleman's contribution. I used the word "genteel" advisedly. I use it as it refers to one who has the attributes of a gentleman. I mean that in all its activities the Forest Service men know how to be gentlemen. I know the Forest Service has never indulged in some of the practices by way of getting money that some of the other departments have, and I know what I am talking about in that respect.

Mr. Chairman, I just want you to know that in your race for economy you ought not to go to work and cut down this Service 66⅔ percent, when there is many another service that has not been reduced more than 10 percent. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Missouri [Mr. SHORT].

Mr. SHORT. Mr. Chairman, I suppose some of my Republican colleagues will smile, if they do not laugh aloud right now, when I say that I wholeheartedly support the amendment that has been offered. It is so seldom that I vote for any increase in appropriations. Constantly and consistently I have spoken and voted for economy. I agree with my colleague, the gentleman from Ohio [Mr. JENKINS], that because of the cry for economy and the necessity for it the amount perhaps should not be increased \$3,000,000, but certainly we should have more than \$1,000,000 to carry on this very valuable work.

May I point out that this is not a pump-priming project, and it is not boondoggling money, either. I doubt if there is a dollar this Government spends that yields larger returns than the money that is spent for reforestation, because it not only replenishes our wasteland with timber but gives men honorable employment, aids in flood control, conserves the soil, and helps in a thousand and one ways. I do not believe any Member of this House will question that this agency has been honestly and efficiently administered. It has done its work well and has earned its hire. For these reasons, and because this really is an economic investment that will yield large dividends on the money spent, I believe the amendment offered by the gentleman from Indiana [Mr. CROWE] should be adopted.

Miss SUMNER of Illinois. Mr. Chairman, will the gentleman yield?

Mr. SHORT. I yield to the gentlewoman from Illinois.

Miss SUMNER of Illinois. Is this the program referred to on page 88 of the hearings? If so, the hearings state that part of the funds previously appropriated have not been spent because there was difficulty in clearing titles.

Mr. SHORT. Down in the Ozarks where I live we would like to have more money to buy some of the land that is in three forest units in my district. I will be honest and frank now and confess that I am vitally interested in this appropriation. I should like to see the amendment carry. It is so seldom, you know, that we down in the Ozarks ever get a



dime from the Government that we do appreciate even the crumbs that might drop from the hands of a benevolent Government. I know the Democrats over here are going to vote with me and I am going to vote with them, because this should not be a party matter. The reforestation work was established years ago and has been carried on under both Republican and Democratic administrations. If we are wise, I believe we will adopt the amendment that has been offered by the gentleman from Indiana. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Oregon [Mr. PIERCE].

Mr. PIERCE. Mr. Chairman, I rise in favor of the amendment, and I wish the amount of increase were larger. I do not know of any appropriation that would do more good than an appropriation to acquire forest land for prevention of ruthless destruction of ripe timber and insuring a permanent timber crop. I am in hopes that the Joint Committee on Forestry, when it submits its report in something like a month, will suggest some method by which a department in the Reconstruction Finance Corporation will be authorized to lend money to the Forest Service so that lands can be bought in the necessary quantity and we can work out a real forest program in this country.

I presume there is \$100,000,000 worth of distress timber lands in the United States. By this I mean timber lands held by owners who must cut all or sell. In my district alone, where the ponderosa pine predominates, I presume there is \$5,000,000 worth of timber land at a low valuation, that owners have carried from 10 to 40 years on the tax rolls and are now forced to sell at any price, or to cut it and sacrifice it on an overloaded lumber market. This timber ought to belong to the Government of the United States and be carried in the cutting circles that now have mills. The ripe trees ought to be cut and the unripe trees should be kept.

The \$4,000,000 asked for in the amendment is an extremely small sum of money in view of the tremendous work this commission is doing. I had one plant in my district that 2 years ago asked for \$280,000 of the money we appropriated, and this money was applied to purchase distressed timber in that cutting circle. This mill is now running on a continuous cut, on a selective logging plant. Had we not had this Government money we could not have saved this forest for the generations to come. Now a permanent and prosperous town is built up on the sustained-yield plan of harvesting the ripe timber. No more ghost towns where the plan is in operation.

This amendment should be adopted and should be just a forerunner of a real forest law which I hope we may enact before this session adjourns so that the Forest Service may borrow money necessary to perpetuate our forests.

I hope the pending amendment will be adopted. [Applause.]

Mr. CANNON of Missouri. Mr. Chairman, I hope it will not be necessary for the committee to enter into an extended defense of this particular item of the bill. We concede the importance of the acquisition of these lands. If we had an income in excess of our budget I think this committee would favor continuing the program, but at a time like this when we must retrench expenditures, and stay within the national income, if something has to be temporarily deferred, it should be the purchase of additional forest lands.

Mr. CROWE. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. I much regret that I do not have time to yield.

Mr. Chairman, we are confronted with an imperative farm problem. It is a problem which involves paying the farmer a price equal in buying power to that received by industry and labor. This appropriation could not have the slightest bearing upon that problem. On the contrary, it would complicate the situation, for with every acre of land we purchase we must provide an average appropriation of 10 cents an acre in each annual appropriation bill, as long as time stands, to take care of that land, and for every

acre that we buy we must take into consideration the problem of deficiency in State, county, and municipality revenues, which will be deprived of taxes and income when these lands are deeded to the Government.

Mr. Chairman, this is an expenditure which could be dispensed with for the present and one which would add to the burdens of the Department without compensating advantages, and I trust the Committee will vote down the amendment.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana [Mr. CROWE].

The question was taken; and on a division (demanded by Mr. DUNN) there were—ayes 36, noes 84.

So the amendment was rejected.

The Clerk read as follows:

For carrying out the provisions of section 23 of the Federal Highway Act approved November 9, 1921 (23 U. S. C. 23), including not to exceed \$59,500 for departmental personal services in the District of Columbia, \$7,500,000, which sum consists of the balance of the amount authorized to be appropriated for the fiscal year 1940 and \$500,000 of the amount authorized to be appropriated for the fiscal year 1941 by the act approved June 8, 1938 (52 Stat. 635), to be immediately available and to remain available until expended: *Provided*, That this appropriation shall be available for the rental, purchase, or construction of buildings necessary for the storage of equipment and supplies used for road and trail construction and maintenance, but the total cost of any such building purchased or constructed under this authorization shall not exceed \$7,500.

Mr. LEAVY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am one of the coauthors of the agricultural appropriation bill, but I am not particularly proud of that fact.

I have the highest regard and respect for all my colleagues on the Subcommittee on Appropriations for Agriculture and Forestry, but I think we have made a great many mistakes. The chairman of this subcommittee, the gentleman from Missouri [Mr. CANNON], is, in my opinion, one of the ablest men in this House, one of the hardest workers, and a real friend of the farmer. But I must take issue with him in the position he has taken in reference to forestry.

In his message of March 14, 1938, to Congress, President Roosevelt called attention to the fact that—

Forests are intimately tied into our whole social and economic life. Wages from forest industries—

He said—

support five to six million people each year. Forests give us building materials and thousands of other things in everyday use. Forest lands furnish food and shelter for much of our remaining game and healthful recreation for millions of our people. Forests help prevent erosion and floods. They conserve water and regulate its use for navigation, for power, for domestic use, and for irrigation. Woodlands occupy more acreage than any other crop on American farms and help support two and one-half million farm families \* \* \*

By furnishing cordwood, fence posts, building materials, and supplemental cash incomes to them.

The forest problem is so serious, according to the President, as—

To cause alarm to the people of the United States and to its chosen representatives.

And yet, gentlemen, by these cuts we have crippled forestry in the United States instead of encouraging it. We have made these cuts despite the fact that forestry in the United States is one of the most important of all the Government's undertakings.

Forest reserves were first authorized by Congress in 1891. This was nearly 50 years ago. They were reserved then from public domain, which was largely in the West. In 1911 Congress authorized purchase of forest lands and adding them to national forests in order to protect the navigability of eastern, southern, and Lake States streams help prevent erosion and floods there and to help perpetuate the country's supply of timber. Today there are 158 national forests in 36 separate States, Alaska, and Puerto Rico. They are located on the flanks of the Appalachians from New Hampshire to Georgia, around the Great Lakes and headwaters of rivers like the

Mississippi and Missouri, on the Great Smokies, in southern pineries, and—between Canada and Mexico—on the slopes of the Rocky, the Cascade, the Sierra Nevada, and the coast ranges.

In the fiscal year 1931 the national forests included some 185,251,000 acres gross. They now include approximately 227,561,000 acres, of which 175,843,400 acres are Government land administered on the multiple-use principle by the Forest Service, which, as you know, is a bureau of the Department of Agriculture. Under pay permits these national forests now provide summer forage for more than six and one-half million cattle, horses, and sheep owned by more than 26,000 farmers, ranchers, and stockmen. Almost one and one-fourth billion feet of timber was harvested and used in the fiscal year 1931. The estimate for 1940 is one and three-fourths billion feet, a 43-percent increase in timber use that will involve some 22,000 individual transactions.

In 1931 there were 8,000,000 people who used the national forests for camping and other forms of recreation; in 1939 the number exceeded 20,000,000. In 1931 there were 8,466 fires on national forests. Last fiscal year there were 13,540. One lightning storm last year set 210 of these fires in northern California and southern Oregon. One of these fires was in such rough and rugged country that, even with modern organization and prompt delivery by airplane of more than 112 tons of supplies and equipment, this fire burned 34,000 acres and had to be fought for 26 days before it was put out.

In the face of such increased use, and of such increased danger by fire, this subcommittee now recommends some \$2,000,000 less for national-forest protection and administration than was made available by Congress in 1931, and a cut of two and one-half million dollars under this year's Bureau of the Budget figure for roads and trails.

Yet, since they were first put under administration the national forests have not only helped prevent erosion and floods but they have returned more than \$125,000,000 in receipts to the Federal Treasury, and for decades 25 percent of national-forest receipts have been returned to local governments in lieu of taxes.

The national forests also act as reservoirs of work. They provided 13,436 man-years of it through the W. P. A.—largely local labor—last year. Timber operations furnished an equivalent of 2,600,000 man-days of work. Owners employed some 25,000 riders and herders to care for livestock grazed under permit. Besides its permanent force of some 5,500 people the Forest Service hires more than 11,000 short-term employees—again mostly local people—during most years. In all, nearly 4,000,000 local people are supported in whole or in part through the national forests, which also provided, last year, year-long work and supervised training for some 50,000 C. C. C. boys.

In addition to responsibilities with respect to dependent families and communities inside the national forests, the Forest Service is custodian, for the Department of Agriculture, of 67 projects—many of them in the South—on which human rehabilitation "in place" is made possible through forest rehabilitation. With the appropriation cuts recommended by this subcommittee, much of this rehabilitation work will be jeopardized and the 11,000 local short-term men previously mentioned—many of whom are fire lookouts and fire guards—will have to be materially reduced.

Forest administration and management, on which families, communities, and social and economic structures depend, is faced with a huge task of reconstructing and utilizing forest resources. This cannot effectively be done except with a firm foundation of research, which helps farm and other forest owners in many ways. It provides markets, for example, largely through work of the Forest Products Laboratory. It helps the processor of forest products by pointing out ways to reduce waste and improve methods of manufacture. It helps the ultimate consumer of forest products through lower costs and improved services.

Forest research is vital to the housing problem, both urban and rural, to our plywood industry in the Northwest, to the control of stream pollution from pulp mills in the Lake States

and elsewhere. And it points the way to new jobs for the jobless. Yet in our zeal for economy this subcommittee has reduced research items for the Forest Service by some \$117,000 below the current appropriation, and \$50,000 below what was recommended by the Bureau of the Budget.

Not long ago the gentleman from South Carolina [Mr. FULMER], spoke of having seen 52 pages in a newspaper, advertising tax-delinquent land. I know that in Oregon and Washington forest lands forfeited for unpaid taxes totaled more than 1,850,000 acres in 1938, and that forest land tax delinquent for 3 years and more totaled some 5,370,000 acres. I am told that tax delinquencies of cut-over forest lands in 3 Lake States rose from 6,000,000 acres in 1929 to more than 20,000,000 acres in 1939.

The Congress in the past has helped relieve human distress on such lands as these by providing for national forest acquisition. Yet, gentlemen, funds in this bill for the purchase of forest lands are \$2,000,000 less than the amount the Forest Service received for this purpose last year, and year before last. And fire-hazard reduction on the White Mountain National Forest—a forest that was hit by the New England hurricane—is also jeopardized.

Mr. Chairman I repeat that, in my considered opinion, this committee—of which I am a member—has made mistakes with respect to forestry items in this bill. I doubt very much if it is wise economy to cut a few dollars here, and leave a resource worth billions subject to such hazards as I have mentioned. Even in our sudden drive for a balanced Budget and in our enthusiasm for economy, I doubt if we should be so short-sighted as to virtually threaten one of the most essential resources we have in this Nation.

And that, gentlemen, is what this bill is doing.

Mr. CASE of South Dakota. Mr. Chairman, I move to strike out the last three words.

#### NATIONAL FORESTS—A BUSINESS PROPOSITION

Mr. Chairman, I recognize the futility of offering an amendment at this time to increase any of the items under the general heading of the Forest Service. But I am anxious that the membership of this House shall not look upon appropriations for the Forest Service as all expense with nothing coming in. For that simply is not the truth. The gentleman from Washington has already pointed out that our forest revenues now exceed \$5,000,000 a year, and they are bound to increase from year to year.

In the national forest which has its headquarters in my home town, the Harney National Forest, the annual receipts consistently exceed the expenditures. That is true in many other forests, and is increasingly true as the Forest Service is able to establish its program of sustained yields.

Not only that, but if a balance sheet were to be made, showing an inventory of the value of our national forests at the time they have been acquired and an inventory of their present values, with a subtraction for any difference in expenditures and receipts, my conviction is that the balance would already show a tremendous profit. And this does not count the recreational and social values to the Nation in conserving these resources for enjoyment today and tomorrow.

Something of the meaning of forest values was brought home to me last fall when in another forest we had a terrible fire that destroyed 22,000 acres of timber and burned the very face of the earth. Appraisers have placed the economic loss at \$500,000,000, a tremendous figure to contemplate.

Had it not been for the controls that were established, the fire would have traveled for days under the dry conditions that prevailed. Instead of 22,000, we could have had 800,000 acres of forest destroyed. That is the consoling thought—but it is also true that, had there been proper advance warning of the adverse atmospheric conditions which let the fire crown even at night, some of that \$500,000,000 loss might have been avoided.

The national forests are a national asset, must be cared for properly to avoid loss, and, cared for properly, will yield dividends for all time to come. It is a business proposition.



Mr. HINSHAW. Mr. Chairman, I move to strike out the last three words, and I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Without objection it is so ordered.

There was no objection.

Mr. HINSHAW. Mr. Chairman, I am deeply interested in this item of forest roads and trails. You, as the people of the United States, own some 1,200 square miles of national forests in my district. That national forest is not productive of anything except the joy and pleasure of the people who may come to it, because there is no timber in it.

However, that forest lies on mountainsides that run as high as five and ten thousand feet. The forestry growth that is there protects that watershed from sloughing off into the valleys below. There are 400,000 people in my district living below that watershed and subject to the sloughing off of soil and even great boulders whenever there is a fire which burns away the vegetable growth that holds it in place. The rains that follow in the wintertime carry that material down to cover the land below.

The appropriation for forest roads and trails is being reduced from \$10,000,000 to \$7,500,000. These roads are badly needed to enable forest fire-fighting equipment to quickly reach the scene of incipient holocausts. I recognize, too, the need for economy in the Federal Government, but I deeply deplore the fact that it has appeared advisable to the committee to choose this item to slash. Because I realize that there is no disposition on the part of the membership to restore such items as this and that therefore there is little sense in taking the time of the House in offering an amendment, I reluctantly refrain from doing so. There are not enough interested Members present to carry it. I realize that I would be fighting almost alone.

[Here the gavel fell.]

The pro forma amendments were withdrawn.

The Clerk read as follows:

Agricultural engineering investigations: For investigations, experiments, and demonstrations involving the application of engineering principles to agriculture for the investigation, development, experimental demonstration, for investigating and reporting upon the different kinds of farm power and appliances; upon farm domestic water supply and sewage disposal, upon the design and construction of farm buildings and their appurtenances and of buildings for processing and storing farm products; upon farm power and mechanical farm equipment and rural electrification; upon the engineering problems relating to the processing, transportation, and storage of perishable and other agricultural products; and upon the engineering problems involved in adapting physical characteristics of farm land to the use of modern farm machinery; for investigations of cotton ginning under the act approved April 19, 1930 (7 U. S. C., 424, 425); for giving expert advice and assistance in agricultural and chemical engineering; for collating, reporting, and illustrating the results of investigations and preparing, publishing, and distributing bulletins, plans, and reports, \$294,469.

Mr. BULWINKLE. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. BULWINKLE: On page 48, after line 22, after the word "demonstration", in line 21, insert "and application of methods for the prevention and control of dust explosions and fires during the harvesting, handling, milling, processing, fumigating, and storing of agricultural products, and of other dust explosions and resulting fires not otherwise provided for, including fires in grain mills and elevators, cotton gins, cotton-oil mills, and other structures; the heating, charring, and ignition of agricultural products; fires on farms and in rural communities and other explosions and fires in connection with farm and agricultural operations." On page 49, line 13, strike out "\$294,469" and insert "\$324,469."

Mr. TABER. Mr. Chairman, I make the point of order against the amendment that it is not authorized by law.

The CHAIRMAN (Mr. COLE of Maryland). The Chair will be glad to hear the gentleman from North Carolina on the point of order.

Mr. BULWINKLE. At the moment I can say nothing further than that for some 20 years this language has been carried in each appropriation bill. It is my impression that it is in existing law, but if the gentleman from New York knows and says that it is not, then I can do nothing further about it at the present time.

Mr. TABER. That is my understanding.

Mr. BULWINKLE. Mr. Chairman, I have ascertained through consultation with the gentleman from Missouri, chairman of the subcommittee, that it is authorized by existing law.

The CHAIRMAN. Does the gentleman from Missouri [Mr. CANNON] desire to be heard?

Mr. CANNON of Missouri. Mr. Chairman, as the Chair is aware, it is the invariable rule that when a point of order is raised against an amendment to a bill the burden of proof of the admissibility of the amendment rests upon the proponent of the amendment.

Mr. BULWINKLE. That may be so, Mr. Chairman, but I state upon my word that the gentleman from Missouri just told me that authority for this language is to be found in existing law. I took his word for it. I cannot, however, cite the particular statute at this time. I ask the gentleman from Missouri now if authority for this language is to be found in existing law.

Mr. CANNON of Missouri. If my good friend, the gentleman from North Carolina, submits that as a personal question, I must concede that it is authorized under the basic act establishing the Department.

Mr. BULWINKLE. Will the gentleman please give me the citation.

Mr. CANNON of Missouri. Title V, section 511, of the United States Code. [Laughter.]

The CHAIRMAN. Does the gentleman from New York care to be heard further on the point of order?

Mr. TABER. The burden of proof, Mr. Chairman, is upon the proponent of the amendment.

My understanding is that the basic law does not go far enough to sustain this language, and there have never been any specific legislation authorizing it. I have not the statute in front of me and am speaking only from recollection, but it is my recollection that the basic law does not go far enough to sustain this elaborate authorization carried in the amendment.

Mr. BULWINKLE. Mr. Chairman, may I suggest that it is nearly 2 o'clock, that I understand that at 2 o'clock anniversary services on the one hundred and fiftieth anniversary of the Supreme Court are to be held. I would not want to delay these services. I suggest that this matter could be looked up during the time the services are being held.

The CHAIRMAN. The Chair is prepared to rule, and this being so, the Chair believes the gentleman from North Carolina would prefer to have the matter disposed of at this time.

The gentleman from North Carolina offers an amendment which has been read, and against this amendment the gentleman from New York [Mr. TABER] makes the point of order that it is not authorized by law. Title V of the organic law establishes the Department of Agriculture, and in section 511 is found this language:

There shall be at the seat of Government a Department of Agriculture the general design and purpose of which shall be to acquire and diffuse among the people of the United States useful information on subjects connected with agriculture.

Without further reading of the organic law to which the Chair has referred, the Chair is of opinion that the amendment is clearly within the scope of the law.

The point of order is overruled.

Mr. CANNON of Missouri. Mr. Chairman, will the gentleman from North Carolina, without losing any of his rights, yield at this time in order that the Committee may rise—rise in accordance with a program previously agreed upon?

Mr. BULWINKLE. Yes, Mr. Chairman, I yield for that purpose.

Mr. CANNON of Missouri. Mr. Chairman, I move that the Committee do now rise, for the purpose of affording the House of Representatives an opportunity to hold exercises in commemoration of the one hundred and fiftieth anniversary of the organization of the Supreme Court of the United States; and pending that motion, I may say, Mr. Chairman, that at the conclusion of the exercises, at approximately 3

o'clock, the Committee will resume its session and continue consideration of the bill.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. COLE of Maryland, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill H. R. 8202, the agricultural appropriation bill, 1941, had come to no resolution thereon.

ONE HUNDRED AND FIFTIETH ANNIVERSARY OF THE FIRST MEETING OF THE SUPREME COURT OF THE UNITED STATES

The SPEAKER. Members of the House of Representatives, as you are doubtless aware, this is the one hundred and fiftieth anniversary of the first convening of the Supreme Court of the United States. I understand that appropriate ceremonies befitting this anniversary have already been held in the building of the Supreme Court of the United States; however, it was thought entirely fitting and proper, inasmuch as that great Court very kindly joined the House of Representatives and the Senate some weeks ago in celebrating the one hundred and fiftieth anniversary of the convening of the first Congress of the United States that some notice should be taken of today's important historic event by the House of Representatives. Two Members of the House have kindly agreed to deliver addresses appropriate for the occasion.

It gives me very great pleasure to present to the House of Representatives the gentleman from Kansas, Mr. GUYER. [Applause.]

Mr. GUYER of Kansas. Mr. Speaker, first permit me to say that I deem it a distinguished honor to appear on this program with the beloved chairman of the Committee on the Judiciary, the gentleman from Texas, Hon. HATTON W. SUMNERS, whose greatness of heart, mind, and legal attainments eminently qualify him for a seat on the illustrious Court whose sesquicentennial we celebrate today. [Applause.]

On the one hundred and fiftieth anniversary of the first session of the Supreme Court of the United States we naturally turn to the Convention which created not only the Supreme Court but also the Government of our beloved country.

The men who assembled in Philadelphia on Friday, the 25th of May 1787, to write down upon parchment for the first time a scheme for a government for the preservation and evolution of liberty had the most overwhelming task ever placed before a group of men since the morning stars sang together, and, judged by the work they wrought, were the greatest and wisest assembly of men that ever surrounded the council tables of any nation in all the tide of time. Their wisdom is patently illustrated by the obvious fact that these wise men seemed to know more then, even about so simple a matter as the proper time to convene the Congress, than we did after 150 years of experience. The so-called "lame duck" amendment lacked a single virtue or advantage while its faults are legion—an amendment induced by the urge and itch to change the Constitution as often as possible in spite of the sage admonition of Washington concerning the "spirit of innovation."

In 1858, Abraham Lincoln, with characteristic lucidity, stated the problem that confronted these devoted patriots when he declared: "It has long been a grave question whether any government, not too strong for the liberties of the people, can be strong enough to maintain itself in a great emergency." Through that long, hot, dusty summer of 1787, that devoted company of patriots struggled to find an answer to the grave question expressed long after by Abraham Lincoln in the gathering storm clouds that enveloped him in the years just prior to 1861. On September 17, when they were ready to sign the proposed Constitution, they had created a government which was to prove not too strong even to trample upon the rights of a slave with shackles on arms and ankles, yet strong enough to maintain itself in the face of the greatest emergency that ever confronted a republic in the history of the earth.

You have seen the milky way, that mysterious belt of light flung like a silver mantle across the shoulder of night.

What is the milky way? Uncounted millions of stars larger and brighter than our sun yet so far away that their light comes to us only in those broken and shattered fragments that leave that romantic trail of light out yonder on the far horizon of the universe. All that staggering vastness of the universe, in which our earth is but a speck of dust, is held together and in perfect harmony by two forces. One pulls toward the center, the other away from it. One is centripetal, the other centrifugal.

In government there are two corresponding forces. One pulls toward the center, the other away from it. One is centripetal and the other centrifugal. One tends toward order, the other toward chaos. One toward organization, the other toward disintegration. One toward despotism and the other toward anarchy.

The task of our fathers at Philadelphia was to devise a government in which the centripetal and the centrifugal forces would be so balanced that there could be neither despotism nor anarchy, balanced so nicely like the stars and planets in the palm of the Almighty that we can predict for years in advance when there will be an eclipse of the sun or moon. The men who framed our Constitution were familiar with the history of the ages and their philosophies from Plato to Adam Smith, whose "Wealth of Nations" had just before reached America.

The stories of Babylon and Egypt, of Greece and Rome, were commonplace with them. The records of the past were searched for the dangers that would lurk in the path of a government for free men. But when these patriots had done all they could, when they had formed a plan of government with a written constitution, they had only the blueprints of a government—a skeleton without flesh and blood or the breath of life. Out of that noble plan must be evolved a government with arteries and veins, with flesh and blood—a living government. And that is just what has happened in these 150 years. Along with the other departments of the government, our judicial system with the Supreme Court as its head developed and rendered this a government of laws and not of men. The Supreme Court that John Jay found on the first day of February 1790 was without form and void. It too, like the whole scheme of our government, must develop and evolve under the Constitution and ever according to the spirit and the letter of that Constitution.

The struggle of the Supreme Court to secure its integrity is one of the most intriguing romances of the political history of the United States. The Supreme Court, in the second decade of our national life, became the center of a raging tempest of party passion not exceeded in our history. At that time the President of the United States demanded that a judge should be expelled from the Court by the request of the two houses of Congress, impatient of the process of impeachment provided by a wise Constitution. This demand by the President was in wide contrast to President Jefferson's ringing statement concerning the formation of the Commonwealth of Virginia. In his "Notes on Virginia" he declared:

The concentrating of these (the executive, legislative and judicial powers) in the same hand is precisely the definition of despotic government. An elective despotism was not the government we fought for; but one which should not only be founded on free principles, but in which the powers of government should be so divided and balanced among the several bodies of magistrates, as that no one could transcend their legal limits without being effectually checked and restrained by the others. For this reason that convention which passed the ordinance of government laid the foundation on this basis, that the legislative, executive, and judiciary departments should be separate and distinct so that no person should exercise the powers of more than one of them at a time.

That was a noble statement of the whole theory of a free government where no man would ever be permitted to trample on the rights of another be he executive, legislator, or judge. It provided a government of checks and balances in which no department could rule alone. If the executive became tyrannical the Court could call a sudden halt. If the legislature transcended the authority of the Constitution in its laws the Court could interfere. If the judge became



corrupt or brought reproach upon the judiciary he could be impeached.

A half century before the Constitution was written, Montesquieu, whom Madison termed the "Oracle of Liberty," discovered this principle of free government when he declared:

There can be no liberty when the legislative and the executive powers are united in the same person or body of magistrates because apprehension may arise lest the monarch or the senate should enact tyrannical laws to execute them in a tyrannical manner.

That, coupled with Aristotle's vague suggestion of three agencies or departments of government, was the germ of the idea that led the makers of the Constitution of Virginia, and afterward of the Constitution of the United States, to adopt the system with three independent departments, and I am sure that if Thomas Jefferson had been present when our Constitution of the United States was framed, he would have been most insistent upon adopting that kind of a government, even if, when President, he contemplated the impeachment of all the judges of the Supreme Court, including his illustrious cousin, John Marshall, in direct opposition to the theory of an independent judiciary. Thomas Jefferson was human and he permitted his partisan enthusiasm to overcome his fundamental principle of three independent departments of government. Anyway, we can forgive him, because he ignominiously failed to break the power of the Supreme Court, which John Marshall had galvanized into the greatest tribunal of justice that ever existed on earth. And because, too, that every time that illustrious Court has been assailed, and the storms of vituperation and passion have spent themselves, that Court always has emerged stronger than ever before.

Those victories were all the more satisfactory because the Court viewed the storm with characteristic silence, and without "purse or sword," employing no promoter of propaganda, no hired press agents to circularize the Nation, no largess of the people's money to dole out to purchase the public favor, no bureau of defamation to answer the assaults of demagogues, and no defense except the devotion of the people, whose rights and liberties it has sheltered and enshrined. Amid all the vindictive storm of passion and political wrath it has remained the most majestic tribunal on earth.

In that 150 years great judges have upheld the record of the Court of John Marshall and Roger B. Taney, whose combined services covered 63 years and helped to construct this majestic tribunal; but all of them could not have wrought this work and built this mighty Court alone. Back behind them at the Nation's firesides the fathers and mothers helped with their support and prayers to build its majesty—to buttress it with the resistless power and invincible strength of public opinion.

Who else built it? The pioneer out on the fringe of the desert, the pioneer out on the Santa Fe and the Oregon Trails, the most romantic trails that ever mapped the frontiers of the earth or that ever blazed the path of empire. They built it in the campfires where danger haunted their bivouac. They built it in the fields, where disappointment mocked and where gaunt famine stalked. They built it in the little red schoolhouses where the children loved their books. The soldiers built it on a hundred battlefields when they died for liberty. The mothers at the hearthstones and at the cradles built it, built it in the fathomless blue of their babies' eyes. They built it in the churches where they gathered to worship their God. John Marshall and Joseph Story built it; William Howard Taft and Charles Evans Hughes built it; Washington and Madison built it; Hamilton and Jefferson built it; Lincoln and Douglas built it; Grant and Lee built it. Victor and vanquished built it. [Applause.] Nobody was always right, but right always triumphed in the end. They all helped to build it in love of country and mankind. May God bless all who aided in shaping its stately form and its mighty destiny.

For a century and a half it has compelled the admiration of all the people of the earth as a symbol of virtue and righteousness. For there was never a time in the history of the earth, since amid the splintered lightnings of Sinai, when the beginning of all law came direct from the lips of God Himself, when the rights of the poor and the needy, the weak and the

downtrodden, were guarded with more energy and girded about with more jealous care. Thanks to our judicial system, with this illustrious Court at its head. Let no impious hand profane its record or threaten its integrity. We did not build it for today nor for tomorrow; we built it for the centuries. We commit it to the future. Its past is secure. Here may innocence always find sanctuary. Here may the weak ever find refuge. Here may law and order reign. Here may the Constitution be revered. Here may tolerance and fraternity be held sacred. Here may generations yet unborn realize their hopes and ambitions. Here may it stand like the steadfast souls of John Marshall and his fellow jurists, untarnished and unblemished by sordid avarice or unholy ambition, unshaken by weakness or fear, independent and incorruptible, let it stand like adamant for all the centuries to come, for without all this its majesty is but mockery, its strength is sand, for when—

The tumult and the shouting dies,  
The captains and the kings depart;  
Still stands thine ancient sacrifice,  
An humble and a contrite heart.  
Lord God of Hosts, be with us yet,  
Lest we forget—lest we forget.

"God save the United States of America and this honorable Court."

[Applause, the Members rising.]

The SPEAKER. I now have the distinguished honor of presenting the able and beloved chairman of the House Committee on the Judiciary, the Honorable HATTON W. SUMNERS, of Texas. [Applause.]

Mr. SUMNERS of Texas. Mr. Speaker, and Members of the House of Representatives, first, may I express my very great appreciation for the generous remarks of my distinguished colleague, the gentleman from Kansas, [Mr. GUYER], to whom you have just listened. I appreciate, as I know you do, the very eloquent address which we have just heard.

I want to speak to you on this occasion in a very plain, practical sort of way; on this, the one hundred and fiftieth anniversary of the inauguration of the Supreme Court, I want to give you, if I can, the picture of our constitutional development, the place which the Supreme Court holds in that scheme, and particularly the responsibility that rests upon you and me in this the one hundred and fiftieth year after the inauguration of the last of the three great departments which constitute the functioning machinery of this Government. The first President had been elected, of course; the first Congress had convened on March 4 of the preceding year. On the next day after Congress convened a Committee on the Judiciary was appointed. The Judiciary Act was approved by Washington on September 24, 1789. John Jay, of New York, was nominated to be Chief Justice; Rutledge, of South Carolina; Cushing, of Massachusetts; Harrison, of Maryland; Wilson, of Pennsylvania; and Blair, of Virginia, to be Associate Justices. Harrison declined to serve and James Iredell, of North Carolina, was appointed in his stead. Thus was inaugurated the last of the three departments of the Federal Government. It was an independent judiciary. The independence of the judiciary had been secured by two provisions of the Federal Constitution. One is that "Judges shall hold their office during good behavior," the other provides that they "Shall at stated times receive for their services a compensation which shall not be diminished during their continuance in office."

#### ORIGIN OF INDEPENDENCE OF JUDICIARY

The notion of an independent judiciary did not originate with the Federal Constitutional Convention, however; the origin and evolution of the chief of these provisions securing the independence of the judiciary is typical of most of the provisions in our written constitutional structure. They each originated in necessity and practically all of them had been tested by experience for a long time before the beginning of our independent governmental existence.

For a long time prior to the coming of William and Mary to the British throne there had been much complaint and bitter resentment over the fact that the Kings of England, who appointed the judges, and especially during the regime of the Stuarts, either directly or indirectly controlled their

judgments. Public opinion condemned that practice and public purpose set about its correction. In the Acts of Settlement of the Succession with William and Mary in 1701 it was provided that judges "shall hold office as long as they behave themselves well." This provision originated out of the necessity to correct a definite, well-recognized maladjustment of the machinery of government. But it did not complete the correction. Later it was discovered that the tenure of the judges terminated with the demise of the King. So, when George III came to the throne some 59 years afterward in 1760, to correct that condition, it was provided, as one of the first, if not the first act, of his reign, that judges should hold office as long as they behaved themselves well, notwithstanding the demise of the King.

As indicating the trend of constitutional development on that side of the Atlantic, moving power away from its centralization in the King, later on, in the reign of King George it became an axiom of the British Constitution that in the event of a disagreement between the Parliament and the King, any appeal taken to the people through the medium of an election should be made by the ministry and not by the King. This was consummated 5 or 6 years after the adoption of our Federal Constitution. Internally they were decentralizing. They had long been a nation. Internally we were centralizing; we had not yet become a nation. In order to have the whole picture of those times it is well to have in mind that there were then approximately half as many people in the Colonies as in England, in round numbers 8,000,000 people in England and 4,000,000 on this side of the Atlantic.

#### CONSTITUTION DEVELOPING ON BOTH SIDES OF THE ATLANTIC

During the period of colonization, while we were bargaining with the British Crown, it to induce us to emigrate to America and we, for sufficient privileges and liberties to induce us to emigrate, and were writing the resultant negotiations into the terms of the royal charters of the Colonies, things equally as important bearing directly upon our own constitutional structure and the place of our Supreme Court in our structure of government were taking place on the other side. Our own Constitution was being shaped at the same time on both sides of the Atlantic. As we have seen, the independence of the Court which we inaugurated 150 years ago was fixed in our Constitution by our ancestors in 1701 in the Acts of Settlement.

At the time this provision of the Constitution, establishing the independence of the judiciary, was being presented to, and accepted by William and Mary, there was also presented to them the Bill of Rights, which was accepted. It contained the following provisions which were later incorporated into our written constitutional structure:

That levying money for or to the use of the crown, by pretense or prerogative, without grant of parliament, for longer time or in other manner than the same is or shall be granted, is illegal. That it is the right of the subjects to petition the king and all commitments and prosecutions for such petitioning are illegal. That the raising or keeping a standing army within the kingdom in time of peace, unless it be with the consent of parliament, is against law. That elections of members of parliament ought to be free. That the freedom of speech, and debates or procedure in parliament, ought not to be impeached or questioned in any court or place out of parliament. That excessive bail ought not to be required, nor excessive fines imposed, nor cruel and unusual punishments inflicted. That jurors ought to be duly empanelled and returned and jurors which pass upon men in trials for high treason ought to be freeholders. That all grants and promises of fines and forfeitures of particular persons before conviction are illegal and void. And that for redress of all grievances, and for the amending, the strengthening, and preserving of the laws, parliament ought to be held frequently. And they do claim, demand, and insist upon all and singular the premises, as their undoubted rights and liberties.

#### ORIGIN OF CONSTITUTION

If I could do only one thing in America, I would have it understood, and it is the truth, that while the men who met in the Constitutional Convention at Philadelphia were great men, they did not create the Constitution of this Government. I want to emphasize that. The Constitution of this Government has a higher authority than the words of men to support it. It came from a source higher than the source of any convention.

Your Constitution and mine existed in the very nature of things before there was any positive precept. It is perfectly evident when you examine life that the Almighty God intended that men should be free. I want you to think about that a minute. In God Almighty's economy He does not attempt to protect human beings against difficulties. In fact, He creates difficulties. The difficulties which we experience in operating a system of free government constitute a part of the gymnastic paraphernalia provided by God Almighty for the development of people. The development of people is the central objective of Nature.

The love for liberty, the ambition to be free, the aspiration to be free, have not been given to us in order that we may merely enjoy the blessings of liberty but in order that we first may struggle to be free and gain strength by the struggle; second, that we may discharge the duties incident to freedom and gain strength by their discharge. That is the plan which God Almighty has intended. That is our plan. It is susceptible of proof. It could be proven before any jury on earth. Therein lies the security of our Constitution and the certainty that it cannot successfully be attacked by those whom we call the "reds" if we but understand it and do not forget that "eternal vigilance is the price of liberty."

Its provisions did not come from the speculations of political philosophers or the deliberations of conventions. They originated out of necessity and they were tried by experience among a people peculiarly gifted with the genius for self-government before we ever came to the responsibility of writing our State and Federal Constitutions. Therefore, our Constitution has supporting it human authority, the men who met in conventions, and in addition to that it is supported by the fact that it has stood the test of the ages.

It is not something that just came from the creative genius of some men, although human beings have helped.

The notion of a fundamental, natural law, supreme and dominant in the social and governmental relations of men, had taken firm root in the philosophy of thinkers as far back as Aristotle. Perhaps men have held to that conviction as far back as men have observed correctly and thought clearly and analytically. Cicero distinguished between *summa lex*, which existed according to his philosophy always before governments or written law, and *lex scripta*, written laws of man's making, which were to be regarded as void if they were contrary to the laws of nature.

In the Middle Ages such great jurists as Baden of France and Suarez of Spain agreed with these views but went further and held that God had planted a consciousness of these laws in the mind and conscience of man, from which one's understanding of natural rights was derived, and held further that a statute which was contrary to natural justice was *ipso facto* void. Grotius was in general agreement with this philosophy. Coke, Fortescue, and Blackstone agreed. Blackstone held, however, that there was no power to prevent Parliament from violating the supreme law. However, he did not go so far as some of our American commentators have gone who say that the Constitution is what the Supreme Court says it is or so far as some of the commentators on the British Constitution go who say that the British Constitution may be changed by the British Parliament. Neither of these statements is correct.

#### VITALITY OF CONSTITUTIONS

There is no power to prevent the British Parliament from enacting a law contrary to the British Constitution but that violation of the British Constitution does not change the constitution. It is true there is no power to prevent an ignorant or venal supreme court, if there should come to be such a court, from falsely interpreting or falsely applying the provisions of the constitution but the constitution would remain unchanged. We should merely have to await a happier day when the powers which had been abused and the trusts which had been betrayed should pass to fitter hands.

On both sides of the Atlantic, but chiefly on the other side, due to its longer history, the history of this people is replete with the record of great occasions and great achievements when the people, who had for a time been negligent, have aroused themselves and rescued their constitution and revitalized and reestablished it as the supreme law of the land.



One of these instances was the reestablishment of the independence of the judiciary to which I have referred, and while they were doing that they assembled into a documentary statement certain of their fundamental rights, which they had long claimed as a part of their constitution, but which by the power of the kings and the construction of the judiciary which the kings controlled, had been denied to the English people. But these rights still lived.

When we came to write our Federal Constitution we brought forward into the written documents not only the provision with regard to the judiciary to which I have referred but the Bill of Rights as well. We did not borrow that Bill of Rights from the British Constitution or the provision with reference to the tenure of the judges from the British Constitution, as our commentators sometimes erroneously state. They belonged to us as much as they belonged to the people on the other side.

This seeming digression is in fact not a digression. It gives us a more comprehensive, though imperfect view, of our general constitutional development, moving us toward the creation of our Supreme Court and the establishment in that Court of the powers which the Constitution assigns to it.

Obviously we can go no further into an examination of our constitutional development which took place on the other side of the Atlantic; neither shall we be able to examine the philosophy of Paine and others asserting the non-supremacy of kings and parliaments and judges and human government as against the inalienable, natural rights of men, asserting the inherent limitation upon the fashion and power of governments and the discretion of governments and of their agents. We shall not be able, either, to examine the Colonial Charters, the forerunners of our State and Federal Constitutions, and in many respects the most interesting and most important part of our written constitutional development. In passing may I recommend especially an examination of the charter of Rhode Island granted in 1663. Everything considered, that charter of the little colony of Rhode Island, granted 277 years ago, is one of the greatest state documents of all time.

It is known, of course, that the State constitutions preceded the Federal Constitution and contained all the basic provisions later incorporated in the Federal Constitution and many of its less important provisions as well.

#### FEDERAL GOVERNMENTAL DEVELOPMENT

Our Federal governmental development, in the scheme of which the Supreme Court has so large a place, both in its natural position and in the result of its decisions, began, no doubt, soon after the establishment of the American Colonies. The facts of common interest among the people of the Colonies, the influence of common origin, in the main, the same language, similar institutions, the same governmental instincts, community of interest, common dangers, and later joint achievements in behalf of the common interests, began early to draw and to press this homogeneous people back upon themselves into greater and greater solidarity and unity.

The articles of "Firm and Perpetual League of Friendship," entered into in 1643 between the jurisdictions of Massachusetts, Plymouth, Connecticut, and New Haven, have so many provisions and characteristics common to both the Articles of Confederation and the Federal Constitution as to leave no doubt of their close relationship. Just as the meeting called by Simon de Montford in the thirteenth century was the forerunner of the British Parliament this meeting and its resolutions were the forerunners of the Continental Congress, the Articles of Confederation, and of the Constitution of the United States.

We often hear the statement that the Revolutionary War was fought under the Articles of Confederation. The fact is that the Articles of Confederation were not ratified until the spring of 1781, and Cornwallis surrendered in the fall of that year. There is another erroneous statement, that when the Federal Constitutional Convention met, the Articles of Confederation were, figuratively speaking, thrown out the window. A comparison of the provisions of the

Articles of Confederation and those of the Constitution and the weight of probabilities make that statement absurd.

#### SUPREME COURT ORIGIN

The Supreme Court was not the first to function as such a court in this country. Prior to the adoption of the Articles of Confederation, the Continental Congress made of itself a semivoluntary Supreme Court in certain matters of the then inchoate and embryonic Federal Government. From their membership they created what they first called a committee, and later on they called it a court to which it was directed that appeals should lie from proceedings with reference to captured vessels. These vessels were being claimed as prizes of war. All sorts of conflicting interests and claims were growing out of these transactions. In some instances the citizens of foreign nations and foreign governments were involved. During the siege of Boston, Washington was compelled to give much time to the adjustment of these controversies. He wrote a letter to the Continental Congress asking that something be done about it. In response, Congress requested that the colonies erect courts, where they did not already exist, to try issues arising out of such captures, and to allow juries in all cases, and that all appeals be to the Congress. Not only was this class of cases appealed to, and adjudicated by the tribunal created out of the personnel of the Continental Congress, but a serious dispute between Pennsylvania and Connecticut over their boundary line was adjudicated. A great practical lesson was learned by those experiences and later it became fixed in the Federal Constitution that there should be a Supreme Court of the United States, and that its judges should have jurisdiction of the class of cases adjudicated by this voluntary Federal tribunal.

Controversies, conditions, and the helpful services of a tribunal authorized to adjudicate such controversies, and the need for a governmental agency strong enough to enforce the judgments of such a tribunal, helped to impress the necessity of a "more perfect union," with a court clothed with such judicial powers as were later given to the Supreme Court by the Constitution.

#### SUPREME COURT DECIDES CONSTITUTIONAL LIMITATIONS

While the independence of the judiciary had already been established, it remained to be determined in this country whether the Supreme Court of the United States has the power to declare void an act of any Federal agency, or of the States, which it deemed to be in violation of the Federal Constitution.

The great controversy with reference to the Supreme Court, which arose out of the decisions of *Marbury v. Madison* (2 L. Ed. 60, 1803), of *McCulloch v. Maryland* (4 L. Ed. 579, 1819), and *Dartmouth College v. Woodward* (4 L. Ed. 629, 1819), and so forth, brought definitely to issue whether the Supreme Court had authority to declare an act of Congress and an act of a State unconstitutional.

We are all familiar with these great, far-reaching decisions. Jefferson challenged the authority of the Supreme Court to declare an act of Congress, or an act of the States unconstitutional, contending, in substance, that the other two departments of the Federal Government and the States are each charged with a responsibility to the people of acting within their respective constitutional limitations; that our constitutional system provides an adequate remedy and practical machinery for its enforcement—popular elections. He felt that to give to the Supreme Court the power to declare the acts of agencies of the Federal Government and of the States void, and also to be the sole judge of its own constitutional power was so incompatible with the nature of a democracy that it would destroy the Government.

Judge Roan, of Virginia, led the people of Virginia in their attack on Marshall. Marshall was very much aroused. He seems to have written many letters; he urged the necessity of the friends of the Government to arouse themselves; he considered that there was danger of a reaction toward the old Government under the Articles of Confederation. The thing which seemed to have affected him most is indicated by the following quotations from one of his letters:

I cannot describe the surprise and mortification I have felt that Mr. Madison has embraced them—

Referring to Virginia's contentions, insisted upon by Mr. Jefferson.

#### SUPREME COURT NOT THE FIRST TO DECIDE CONSTITUTIONAL LIMITATIONS

It is an interesting fact that Marshall, however, was not the first to claim the right and the duty of the judiciary to pass upon the constitutionality of legislative and administrative acts. In an opinion by the Supreme Court of New Jersey, *Holmes against Walton*, 1780, though the record is not to be had, it seems clear that it was held that an act of the legislature providing for a trial by a jury of six men was void because it was violative of the New Jersey Constitution.

There was much controversy in the following session of the legislature with reference to this and other similar decisions. In the case of *Commonwealth of Virginia against Caton*, decided in 1782, the court gave the opinion that it had the power to determine the constitutionality of an act of the legislature and to declare those acts void which were contrary to the Constitution. Prior to 1814, there were numerous other State court holdings to the same effect in New York, Connecticut, North Carolina, South Carolina, Pennsylvania, Ohio, and Vermont.

Mr. Gerry, of Massachusetts, in the Federal Constitutional Convention in 1787 said:

In some States the judges had actually set aside laws as being against the Constitution. This was done too with general approbation.

While there was much criticism of the decisions of Marshall, particularly in Virginia, Kentucky, and Ohio, there probably was fairly general approbation throughout the country.

In *Worcester v. Georgia* (8 L. ed. 483), decided in 1832, the Supreme Court of the United States held that an act of the Georgia Legislature, undertaking to regulate missionaries among the Indians, was unconstitutional. The State of Georgia ignored this decision. The executive branch of the Federal Government refused to lend itself to the enforcement of this judgment. Finally, the matter ended by the missionary's being released after some 18 months' confinement. This was perhaps the most severe blow which Marshall received during his long judicial career.

It is an interesting coincidence that Georgia had figured in another very important decision by the Supreme Court (*Chisholm v. Georgia*, 1 L. Ed. 440). Jay was then Chief Justice. It involved an action for debt by a citizen of another State against the State of Georgia. The decision, rendered in 1793, held that a State could be sued in the Federal courts at the instance of a citizen of another State. Two days after its rendition the eleventh amendment to the Constitution was proposed in Congress and the following December it was submitted. Ratification was not completed until the beginning of 1798. No action seems to have been taken in the matter, however. There were several suits similar to that of *Chisholm* against Georgia already pending. But before the first of these pending cases (*Hollingsworth v. Virginia*, 1 L. Ed. 644, 1798) reached the Supreme Court, the eleventh amendment had been ratified and the court in a unanimous opinion held, in view of its phraseology, that the judicial power of the United States "shall not be construed to extend," instead simply that it "shall not extend" to any suit in law or equity commenced or prosecuted against one of the United States by citizens of another State, or by citizens, or subjects of any foreign state, that the amendment had a retroactive effect, and thus the Court would renounce jurisdiction in any case of this nature, past or present.

It is worthy of note that when the judgment against the State of Georgia was affirmed, Georgia responded by a statute prescribing the death penalty against anyone who would undertake by any process to enforce the judgment within the State.

#### LESSENING JUDICIAL RESTRAINT UPON OTHER GOVERNMENTAL AGENCIES

With the election of Jackson in 1828, the fight on the policies of Marshall was renewed with great vigor. Chief Justice Taney, who had been in Jackson's Cabinet, was a great influence in the Supreme Court in lessening the restraint which that Court had exercised upon the States and departments of the Federal Government.

It is not at all improbable, if we had time to examine beneath the surface of developments as they are given to us by the historian, we might discover that one of the reasons for the change in the policy of the Supreme Court might have been the fact that union among the States at the time of the change had by natural processes made considerable progress. It is not improbable that it was a natural thing that the Supreme Court should have been instrumental in helping to concentrate governmental power at the point where this union was taking place. Public opinion, the arbiter in disputes affecting the public interest probably helped determine the matter. As when a broken bone is being healed or the parts of plants are being engrafted upon each other, nature seems to move its energies to the point of weakness, to strengthen it by what means it can, until the unifying fibers by natural processes shall have done their work.

It may be also that Marshall was so absorbed by his concern for the establishment and preservation of a strong central government, that he overlooked or underestimated the importance of preserving the efficiency and virility and fundamental sovereignty of the several State democracies which had created the Federal organization as their agent to do for them certain things which individually they were not able to do and to act as the repository of certain governmental powers which they each surrendered to the others.

On the other hand, Jefferson and Jackson and their associates may have underestimated the necessity at that time of permitting governmental strength to move to the points in the governmental structure where union among the States was being effected by natural processes, but had not yet become an actuality. These observations are not so fantastic as at first consideration they may appear.

#### MOVEMENT OF GOVERNMENTAL POWER DURING NATIONAL FORMATIVE PERIOD

In the whole process of national development, when tribes are blended into principalities and principalities into petty governments and these petty governments into a great nation, it is a historical fact that governmental power moves up from the people and from the smaller units of government to the point where union among the newly associated peoples and territories is being effected. That always happens. It seems to be in response to natural law. Clearly the adoption by the States of the Federal Constitution did not unite the people of the States; it did not constitute of them a nation.

I do not believe there is anything more interesting than the history of our own Union—the history of how we came to be a nation—the history of how we got into the big row in 1861. I think it is perfectly clear as we look back at it now. An examination of the debates in this Congress discloses the different stages of the growing together of these States. The Constitution was like the tape wrapped around plants being grafted. If there be proper adjustment, if there be kinship in those plants, Nature gets to work—Nature did get to work. If we had the time, I would like to direct your attention to significant utterances on the floor of this House and in the other Chamber in the different crises of the country, showing clearly the relative stage of the development in our becoming a nation.

I will mention, however, one example. John Quincy Adams and 12 of his associates, when Texas was about to be admitted, issued an address to the people of the country in which they said that the admission of Texas would amount to a dissolution of the Union, and the non-slave-owning States would not, and should not, submit. Just across the river here was a gentleman—Wise, of Virginia, who was in this House—and it made him very angry—the idea of these Yankees uttering these treasonable things right here in the Hall of Congress—and he moved to expel them. Seventeen years after that Wise was the head of a Confederate regiment trying to put into effect the doctrine which Adams had declared, and the Adams crowd were having conniption fits about these things that Wise and his people were doing. If it were not so closely associated with that great tragedy, it would be an amusing thing.



## STRUCTURAL REASON OF WAR BETWEEN STATES

We do not have time to examine the details of that development. It is sufficient for us to note at this time that we have come to be a nation. We were overlong in arriving at our nationalization, due primarily to the fact that in the beginning the institution of slavery as a foreign substance was left in the Constitution lying between the two great sections, North and South, and soon there was added to it the policy of the protective tariff. The States of the two sections had long been united.

Each of the great sections, when in control of the Federal organization, used that organization to promote and protect its interests with regard to these two issues. Lying side by side, these two issues were too thick for the fibers of union to penetrate. As a result, under the increasing strain, in 1861, we broke at this point of weakness. The Southern States which theretofore had denounced the doctrine of secession which had come from Northern States, having lost control of the Federal organization, pulled apart, seceded. The Southern States seceded because they had lost control of the Federal Government. The Northern States did not secede because no one secedes from that which he controls.

As a result of the War between the States, one of these foreign elements was removed, and as a result of economic developments the protective tariff has been largely absorbed into the general economic and political body of the two sections. We are now a Nation united.

## GOVERNMENTAL PROGRESS IN A DEMOCRACY

We have been a nation, probably since the Spanish-American War, certainly since the World War. When a people, operating our sort of government, have reached that stage in their national development, it is historically established fact, and one with which reason has no difficulty in agreeing, that from that time forward all progress in such a government must be in that direction which moves governmental power away from the central organization to which it was moved at the time when the processes of unification were taking place or great emergencies were being dealt with, back into the smaller units of government which are the natural instruments for the functioning of a democracy. Democracy is a government by the people. In order for the people to govern and to continue to develop their capacity to govern they must have the power to govern and the necessity to govern as close to them as it is practical to place it, and there must be provided for their use governmental machinery adapted to the exercise of these functions by the people.

For too long a time we have overemphasized the Federal organization in our scheme of government. We ought to have been moving this overallocation of power and governmental responsibility away from it long ago. Just as Nature moves strength to the point of union when union is being effected, when union has been effected it requires of peoples operating systems of free government to move that power back into their democratic governmental organization, or pay the penalty which Nature inflicts upon a people who have had an opportunity to cooperate with the plan of Nature and refuse to do it. That is something for the statesmen of America to think about. If the people will not do it voluntarily, they are driven by the lash of tyranny to the performance of their neglected duty. I challenge anybody of any political philosophy to contradict the statement that it is a historically established fact and in harmony with reason that after the formative period of a democratic nation there can be no progress in that system except in that direction which moves the power and necessity to govern away from the center and back toward the people, who are the government.

We are not dealing with an academic thing. We are not dealing with a speculative thing. We are dealing with something that is supported by history and to which common sense must agree, because in a democracy there are no governors except the people.

## THE STATES' GOVERNMENTAL MACHINERY ADAPTED TO REQUIREMENTS OF DEMOCRACY

Fortunately for us, the States, not too large territorially and which function in the main through smaller units of

government, the chief officers of which are chosen by the people, afford the opportunity and the machinery for the functioning and development of democratic institutions, and for the development of the governmental capacity of the people, who are the governors in a democracy.

In our whole governmental history all commentators, insofar as I know, agree that the Habeas Corpus Act, the Magna Carta, the Petition of Rights, the Bill of Rights, and our own Declaration of Independence made great epochs in governmental history, because their effect was to decentralize governmental power and move it back toward the people. On the other hand, no great monument comparable to these can be found along the road which democracy has traveled, marking the place where governmental power and responsibility have been moved away from the people toward the central governmental agency. That is not progress in a democracy.

The Federal organization is a necessary agency of these States to do the things for them which it was created by them to do, but it was never intended to be and never can be the functioning machinery through which the people can discharge the general responsibility of government. It is too big, too far away; the total of its general responsibilities too vast. Its machinery is not adapted to that service. Out of an executive personnel which has now grown to the enormous number of 987,538 persons as of the month of December 1939, at an annual salary as of that month of \$1,827,678,708, only one of this approximately 1,000,000 people is elected. There cannot be any possibility of popular control of such an organization.

## EFFECT UPON DEMOCRACY OF LOSS OF STATE SOVEREIGNTY

The States must resume the status of the responsible sovereign agencies of general government or democracy cannot live in America. What is the use in trying to deceive ourselves about that?

When we relieve the States of governmental responsibilities which are within their governmental capacity, the power to do the things of which they have been relieved departs from the States. Nature will not permit any power to remain where it is not used. Every time that happens the total governmental strength of the States is lessened and they are left with less and less ability to discharge their remaining duties.

There can be no uncertainty as to the effect of that policy upon the States, especially, when, in addition to that, we tap the sources of State revenue; bring to Washington the money required by the States to discharge their governmental duties; send a part of that money back to the States as loans and gifts from the Federal Government to the subdivisions of the States, their counties, their cities, their school districts, private businesses, and private citizens, and thereby, in these matters attach them directly to the Federal Government and bring them directly under the operation of the Federal governmental power.

By this process we are not only weakening the States but are actually dissolving them. At the same time, we are destroying the self-reliance, the courage, the stamina, and the governmental capacity of their subdivisions and of the people—the most deadly thing that can be done to a democracy. When we do all these things, we do what the declared enemies of our democracy could not do to the structure of our Government and to the governmental capacity of the people, upon whose capacity to govern our democracy absolutely depends.

It is axiomatic in our system of government—and I think it is axiomatic everywhere—that he who controls the purse strings controls the government. This was demonstrated when the House of Commons got control of the purse strings in England. It took a long time, but now the Commons are supreme because they never turned loose the purse strings.

We are making a similar demonstration in this country, except that it is in exactly the opposite direction. As we increase State and local governmental dependence upon the Federal Treasury, dispensing money which has been got from the people of the States, the Federal bureaucracy tightens its grip upon the purse strings and increases its governmental control.

We have turned back on the course of democratic progress. Progress is not fast. We are going very fast. Progress is uphill. We are going downhill. That is the easy way.

Democrats, Republicans, people of the Nation today celebrating a great occasion, we talk about what these men have done in the days gone by. What are we doing? How well are we doing it? No foreign foe has put his foot on American soil in a hundred years. We have everything in this country that God could give to make a people happy, prosperous, and contented—plenty of material for food, clothing, and shelter; plenty of railroads; plenty of money; plenty of means; plenty of everything—plenty of everything except the intelligence and patriotism required to operate a system of free government. Yet we strut around here and expect people to call us honorable. Shame upon us in America! Shame upon the statesmanship of America! We are all responsible. I take my share and you can take yours.

When we destroy the independent governmental responsibility of the States, the sovereignty of the State is destroyed and the possibility of the preservation of democracy is practically gone. What I am saying is fundamental. I am talking about things that are fundamental, vital things, as important to me and to you as the love for liberty. I am not talking about anyone, I am talking about a situation; I am talking about the result of the operation of the laws of cause and effect.

As it was the responsibility of our people 150 years ago to establish the Federal organization, in just as definite a sense it is our responsibility to preserve this democracy, not only for the sake of the democracy but for the sake of the Federal organization as well. There can be but one end to a policy of continuing to weaken the structure of the underlying States and at the same time continuing to increase the Federal overload.

This is not a partisan matter; it is not a sectional matter; it is not that of any department. None are free from responsibility. It is the concern and business of all the people, of all the parties, and of all the officials of all the departments of government, Federal and State.

Whether you agree with me or not, I hope that what I have said will be received in the spirit in which it is spoken, and that it will be provocative of thought and of an examination of the facts.

You and I are in responsibility at the high peak of human history, charged with a duty different from that which Madison confronted, different from that which Marshall confronted. They and the statesmen of that time were confronted with the responsibility of helping to hold these States together until they could grow together and form a nation. It was their business to preserve this Nation. It is our business to preserve this democracy.

No greater challenge ever came to any people of any age than the challenge which comes to you and me at this time. It is well for us on this, the one hundred and fiftieth anniversary of the inauguration of the Supreme Court, celebrating as we do a great event in the history of our Government, to be conscious of the fact that we are in responsibility at a time when deliberate persons of sound judgment are deeply concerned for the future of this country. Only a people humbled by the sense of great responsibility, earnestly desiring to know the truth, candid enough to face it, whatever it may be, and courageous enough to do what duty requires, whatever the sacrifice, can make certain the preservation of this democracy.

#### EXTENSION OF REMARKS

Mr. BLOOM. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD, and to include therein an address by the Honorable Charles Evans Hughes, Chief Justice of the United States, at the exercises commemorative of the one hundred and fiftieth anniversary of the first session of the Supreme Court of the United States, in the Supreme Court Chamber; also the addresses delivered upon the same occasion by the Honorable Robert H. Jackson, Attorney General of the United States, and by the Honorable

Charles A. Beardsley, president of the American Bar Association.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the bill H. R. 1674 and to include therein a few excerpts from letters.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I made this afternoon in the Committee of the Whole and to include therein some telegrams I received with reference to the work of the dry-land stations.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. HENNINGS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an editorial from the St. Louis Post Dispatch.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. ALEXANDER. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I made in the Committee of the Whole this afternoon and to insert therein in connection with the acreage of cut-over lands in the United States a table showing the cut-over areas in the various States.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. HINSHAW. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include therein a radio address I shall make this evening.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. HOPE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an address delivered by the gentleman from Massachusetts, Mr. JOSEPH W. MARTIN, at Topeka, Kans., on January 29.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. CRAWFORD. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an article on certain phases of the Philippine situation as it relates to the United States.

The SPEAKER. Is there objection to the request of the gentleman from Michigan [Mr. CRAWFORD]?

There was no objection.

Mr. MUNDT. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein transcript of a radio program last night containing speeches by Senator ADAMS, the gentleman from Oregon, Congressman ANGELL, and me.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota [Mr. MUNDT]?

There was no objection.

#### MESSAGE FROM THE SENATE

A message from the Senate, by Mr. St. Claire, one of its clerks, announced that the Senate had passed without amendment a bill of the House of the following title:

H. R. 7342. An act to amend the Emergency Farm Mortgage Act of 1933, as amended.

#### AGRICULTURAL DEPARTMENT APPROPRIATION BILL FOR 1941

Mr. CANNON of Missouri. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for further consideration of the bill H. R. 8202, the Department of Agriculture appropriation bill for the fiscal year 1941.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 8202, with Mr. COLE of Maryland in the chair.

The Clerk read the title of the bill.



The CHAIRMAN. The gentleman from North Carolina [Mr. BULWINKLE] is recognized.

Mr. TABER. Mr. Chairman, I ask unanimous consent that the amendment may again be reported by the Clerk, so that the Committee will know just what it is.

The CHAIRMAN. Is there objection to the request of the gentleman from New York [Mr. TABER]?

There was no objection.

The Clerk again reported the Bulwinkle amendment.

Mr. BULWINKLE. Mr. Chairman, on page 8 of the report of the Committee on Appropriations there appears this statement:

#### BUREAU OF AGRICULTURAL CHEMISTRY AND ENGINEERING

The Budget estimate of \$120,300 includes a reduction of \$56,575 to be transferred to the four research laboratories. The committee believes that the entire activity should be taken over at once, beginning July 1, by the research laboratories and that the amount of \$3,200,000 for the latter is sufficient to absorb the reduction resulting from the elimination of this item from the bill.

Agricultural engineering investigations: The Budget estimate of \$349,669 includes an allotment of \$30,000 for dust explosions for the prevention of dust and farm fires. This project has been in the bill for a great many years and the committee have annually examined the results obtained from the expenditures for this activity. In former years it has reluctantly retained the item. In the present bill the project has been eliminated in its entirety for the reason the committee is convinced that the results do not justify the outlay.

The committee has not studied the full proposition and what this division has accomplished. I could give you pamphlet after pamphlet here showing that this division has investigated numerous fires and reported on them from all over the United States. In Texas when there was a gas explosion in a school down there several years ago they called for an investigation by the Department of Agriculture. This group made the examination and made a report. Let me give you briefly some of the accomplishments of this group.

#### IMPORTANCE OF THE WORK

Dust explosions and fires in plants handling or processing products of agricultural origin cause heavy losses of life and property.

In 660 explosions investigated by the Chemical Engineering Research Division 485 persons have been killed, more than 1,000 injured, and the property loss has exceeded \$50,000,000.

In one grain-elevator explosion and fire at Chicago in 1939 nine lives were lost and the property damage amounted to about \$3,500,000.

The grain destroyed in that explosion and fire would be sufficient to provide bread rations for an army of 500,000 men for an entire year. This indicates the importance of research work on this project and shows its close relation to a national emergency.

The dust-explosion hazard exists in practically all grain-handling plants such as grain elevators, flour and feed mills, and plants engaged in the processing of agricultural products such as the preparation of starch, sugar, powdered milk, and other food products.

The losses from fires on farms in the United States amount to approximately \$100,000,000 annually, with a loss of about 3,500 lives. Of this loss at least \$15,000,000 annually is the result of the spontaneous combustion of hay. If the losses from other fires in rural communities of 2,500 population and under are considered, the above fire loss will be more than doubled.

#### RESULTS OBTAINED IN THE WORK

Dust-explosion losses for the last 10 years, 1929 to 1938, inclusive, have been \$8,000,000 less than for the previous 10-year period, 1919 to 1928, inclusive, which would amount to an average annual reduction of \$800,000.

The adoption of protective measures recommended to industrial plants following research work by the Chemical Engineering Research Division has resulted in reduced insurance rates. There has been a reduction of approximately 74 percent in insurance rates on starch factories and in some cases as high as 93-percent reduction in insurance rates for terminal grain elevators.

The adoption of new types of construction in dust-producing industries which incorporate venting equipment for

the release of explosion pressure will no doubt reduce still further the dust-explosion losses in such industries. Recommendations covering the amount of venting area necessary in different plants are based on the research work of the Chemical Engineering Research Division at the Arlington Farm Testing Station.

New developments in the utilization of agricultural products make it necessary to work out new methods for protection from dust explosions and fires. Special attention is being given to the development of safety codes for the prevention of dust explosions in new industries.

The investigation of the spontaneous combustion of hay has included laboratory research, large scale storage experiments and field surveys during harvesting seasons. Eleven large scale storage experiments have been carried out, and these tests, in conjunction with the laboratory work, have contributed materially to determining the conditions for the safe storage of hay, particularly with respect to the proper curing of hay before storage and the questions of proper ventilation and size of mows in storage. A better understanding of the fundamental causes of spontaneous heating and ignition also has been acquired.

Specifications and recommended practices have been worked out for protection from fires on the farm and in rural communities. This information covers construction of farm buildings, fire-fighting equipment, the storage of flammable liquids, and the prevention of spontaneous combustion.

#### EFFECT OF REDUCTION ON THE WORK

Because of the reductions in the amount of the appropriation for this work, it has been necessary to curtail the research carried on by this Division. Last year work at the dust explosion testing station at Arlington Farm was suspended, and this year the work on farm fires has been discontinued, including both laboratory and large scale field tests on the spontaneous heating and ignition of hay. In consequence it has become impossible to obtain the necessary information for the prevention of dust explosions during fire-fighting operations and in the operation of grain-handling plants, and it has ended the development of methods for the prevention of spoilage and fires in hay storage.

The activities of this Bureau of Agricultural Chemistry and Engineering have resulted in decreased insurance rates. There has been a reduction of approximately 74 percent in the insurance rates on starch factories and in some cases as high as a 93-percent reduction in the insurance rates on terminal grain elevators. I could speak at length on what this division has accomplished. Here are a number of bulletins that have been issued. They have been used and various addresses have been made to the Fire Chiefs' Association and other organizations in the United States.

Mr. Chairman, I ask support for my amendment.

[Here the gavel fell.]

Mr. CANNON of Missouri. Mr. Chairman, it is always a pleasure and privilege to go along with the distinguished gentleman from North Carolina. I am always particularly glad to follow him in matters of agricultural legislation.

But this item has a peculiar and a rather interesting history. Many years ago an explosion occurred and somebody in the House thought it would be a good idea if Congress would investigate the cause and see if a remedy could not be found to prevent future explosions. So an item was included in the agricultural appropriation bill for this purpose and we have been appropriating for it ever since. They put the item in and forgot about it.

Like the snuffboxes in the Senate and the quill pens in the Supreme Court, it has been carried along year after year with practically no returns to the country whatever. We still have explosions when sparks meet combustible material, and houses still burn when lightning strikes a dry roof, and there has been no appreciable diminution in either. The Texas explosion, to which the gentleman has referred, was not within the jurisdiction of this item. As a matter of fact, they were severely reprimanded for stepping outside of their jurisdiction, as their functions are exclusively restricted to agricultural explosions.

This item has been in the agricultural appropriation bills all these years largely by sufferance. Now, when the pinch comes, and it is necessary to cut out some of the dead timber in the bill, this was one of the first items which attracted the attention of the committee. The committee unanimously recommends that the item be stricken from the bill.

The CHAIRMAN. The question is on the amendment offered by the gentleman from North Carolina.

The amendment was rejected.

Mr. WOODRUM of Virginia. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. WOODRUM of Virginia. Mr. Chairman, I am sure that every Member of the House who was privileged to stay today during the interesting ceremonies just completed was encouraged and inspired by the splendid remarks of the gentleman from Kansas [Mr. GUYER] and the distinguished and able gentleman from Texas [Mr. SUMNERS]. Certainly they inspired us to have great faith in the perpetuity of our democratic institutions and our free government. I hope that inspiration may be translated into a very practical effect, coming happily as it did right at this crucial moment. In that connection, I am tempted to advert for just a moment, if I may with propriety, to an Associated Press article carried in today's paper in which it is stated:

Secretary Wallace yesterday assailed the House committee action with a statement that the proposed \$154,000,000 reduction under Budget estimates would inflict "a grave injustice" on farmers and would impair industrial activity and employment.

Then quoting the Secretary directly, it has him say this:

I want to put the farmer on guard against attempts of some Congressmen to scuttle the farm program.

Further quoting the Secretary—

I would ask the farmers this question when they went to vote, "Which way are you most likely to be taken care of in 1941?"

With restraint, I merely observe that in my judgment an observation of this sort by a Cabinet Member, while a measure having regard to his own Department was under consideration in the House of Representatives, is in most questionable taste. [Applause.] The Committee on Appropriations were fully aware of the sentiments of the Secretary of Agriculture. Inasmuch as he has adverted to what the farmers might do in 1940 on account of the agricultural program, I am just wondering whether someone is getting ready to have an alibi.

If there has been a failure—and I do not say there has; whether or not this agricultural program has been all that it should be something that you gentlemen who know agriculture, and I do not, can say, but I can say this—if there has been a failure it is not because Congress has not provided adequate funds for the Department of Agriculture. [Applause.] Rising from a sum of about a half a billion dollars in 1933, this year we give the Department of Agriculture from all sources more than a billion dollars to spend for the farmer, yet there are those who say that the problem has not been solved.

I deprecate the statement of a Cabinet officer made, if not for the purpose, certainly with the effect of turning the heat on the legislative branch of the Government. I believe the House of Representatives and the Senate in their ultimate good judgment will just about come as near knowing what is good for the agricultural population of the United States as Mr. Wallace. [Applause.]

Mr. Chairman, I am as anxious as any Member of this body to see agriculture rehabilitated. The American farmer has had a hard time. I have time and again voted for measures and funds to try to help him. I do, however, refuse to admit that the limit of our ability to help him is to continue all sorts of benefit payments.

The Secretary makes mention of what the farmer may do in November. I deprecate the fact that it is suggested that we are here legislating for ballots in November. Maybe it is true that we are, but certainly I deprecate the suggestion that that is what is motivating us in what we do. I hope we are trying to do what is for the best interests of our country, and not doing it simply and solely and purely for the purpose of trying to get the farmers' vote in November. Unhappily, we have done too much of that. Unhappily, we have hopped the farmer up with dope just before election every time.

Maybe some of these days the agricultural population of the country will awaken from the stupor produced by feeding them so much dope in the form of benefit payments and come to find out that after all we were not doing them a service, a real service, when we continued to give them an inoculation of this sort every once in awhile. If we can do it, I should like to see us approach a real, fundamental solution of the agricultural problem, and not every year have to be giving out subsidies and gratuities. I do not believe the American farmers want that. I think they want to see parity, and to have an opportunity to earn on their farms a living just as the businessmen and the laborers are able to do. I think if we can direct our attention in that regard we will then really be getting nearer a solution. I rose principally, however, for the purpose of saying that I thought it was unfortunate that the Secretary of Agriculture should inject himself into this situation, and do it with a threat. [Applause.]

[Here the gavel fell.]

Mr. COOLEY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there any objection to the request from the gentleman from North Carolina?

There was no objection.

Mr. COOLEY. Mr. Chairman, I do not approve of the statement of Secretary Wallace to which the distinguished gentleman from Virginia has just referred. I do not like, any more than the gentleman from Virginia likes, the idea of a Cabinet officer trying to coerce or intimidate Members of this House. Neither do I like to see our Committee on Appropriations setting itself up as a superlegislative committee. The Appropriations Committee is offering the American farmer as the first sacrifice upon the altar of false economy. [Applause.] The committee is apparently now dominated by the ideas of the gentleman from Virginia [Mr. WOODRUM]. I am sure you will recall that the gentleman from Virginia tried to do away with the Farm Security Administration in a one-man fight which he led the last time that this matter was before the House and yet the House approved the appropriation for farm tenancy. He has likewise opposed parity payments.

This committee is seeking by this bill to nullify the deliberate judgment of the House of Representatives and the Senate of the United States. We approved the farm-tenancy program as an experiment and I, for one, would like to continue it for a sufficient length of time to demonstrate its true worth and success. Unfortunately, every time we ask for an appropriation for the purpose of carrying on the experiment, we are not only called upon to discuss the amount involved, but we are forced to again sell the fundamentals of the program to the Members of the House. I still regard the program as an experiment and I believe that we should continue it as such. I thought that our committee and Congress fully understood and appreciated the character of the program upon which we embarked a few years ago. Now, the Appropriations Committee wants to stop the program, abandon it, and nullify everything that has been done in behalf of an unfortunate group of our people.

In the light of the information furnished to the House on yesterday by the distinguished chairman of the Committee on Agriculture, to the effect that more than 95 percent of



tenants being assisted under the land-purchase program have been able to meet their payments and in many cases to pay more than the amount currently due, and to the effect that these payments amount to 159 percent of the sum due by these tenants who are being aided by the Government in becoming home owners, it seems to me that we have before us concrete and convincing evidence that we are making headway with the program.

We have heard members of the Appropriations Committee criticize and ridicule the Committee on Agriculture but the fact remains that much has been accomplished through the farm programs undertaken during the present administration, criticism to the contrary notwithstanding.

I know that there are many farmers in Virginia who are in great distress at this hour. I know that the farmers of Virginia start into this year with great uncertainty. I know this because the farmers in Virginia are engaged in producing the same crops that are produced in my own district and in my own State, and I know what this administration, through legislation enacted by Congress, has been able to do for the farmers of Virginia, of North Carolina, and of other sections of the country.

We are embarking upon a huge program of national defense and we are spending millions and billions for relief and for other causes but we have no right to offer the American farmer as a sacrifice upon the altar of national defense or false economy. A prosperous and contented agriculture is the best national defense this Nation can have. When we destroy the "bold peasantry" of this Nation, our Government will not long survive. [Applause.]

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I move to strike out the last two words and ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I am very sorry to see two good friends on the majority side engaging in a controversy. I am sure, however, that it is refreshing to all of us that they have opened up this subject about the distinguished member of their party who happens to be the Secretary of Agriculture. I did intend to say something about his statement accusing Congress of scuttling agricultural appropriations.

The Secretary says that Congress is scuttling the ship for agriculture. Does he really mean that? Just how far has the Secretary of Agriculture gone with the President of the United States in his attempt to secure parity payments? Is it Congress that is responsible for scuttling the agricultural appropriations or is it the President and the Secretary?

The President has not asked the Congress to appropriate parity payments and I therefore assume that the Secretary made no request of him for the necessary sum. Therefore it appears that the Secretary of Agriculture is trying to take the responsibility away from the President of the United States and himself and pass it on to Congress.

Mr. FERGUSON. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I am sorry, I do not have the time.

Last year when this bill was under consideration Mr. Wallace blamed the Republicans in the House of Representatives for attempting to scuttle the appropriations for the Department of Agriculture. This year he takes in the whole Congress, irrespective of party affiliations, and seeks to put the blame on all, when the responsibility belongs on himself and the President of the United States.

Let us see what Mr. Wallace has done in his help for the farmers. He says he wants to give them parity prices, but when he is telling them that he is going to furnish them with parity prices, he demands of the Ways and Means Committee the continuance of the "free trade" reciprocity law which the farmers know will mean lower tariff duties and an additional flood of cheaply produced competitive imports into the United States to further depress the market on our farm products. [Applause.] He seems to think

that when he is ordering the taking of 40,000,000 acres of good farm land out of production in this country, he has the right to give foreign farmers the full benefit of his scarcity program.

The New Deal slogan seems to be, "Mr. Foreign Farmer, go ahead and produce a million or more acres of competitive farm products and ship them into this country. We will take care of you." Oh, he says the amount which the foreigners ship in here is a small amount of our domestic consumption and it does not make any difference. But I can show you time and again when a cargo of New Zealand or Australian butter has come into the port of Philadelphia, Baltimore, or New York the price of butterfat has been depressed 1 and 2 cents a pound to the farmers of Minnesota. It makes no difference as to the amount of the commodity that comes in; it has a detrimental effect upon the price level received by American farmers.

Those of us who believe in protecting the honest toil of American agriculture and labor feel that we are right when we demand this consideration for our fellow Americans.

What a pathetic thing it is for Members of Congress, for American citizens, to be compelled to fight with one group of our citizens and ask them to help us protect American citizens. That is all we are doing in this so-called reciprocal-trade fight. We want to maintain American life for our American citizens.

Therefore I think the responsibility in this issue which has been injected by the gentleman from Virginia [Mr. WOODRUM] and the gentleman from North Carolina, belongs with the Secretary of Agriculture himself and with the President of the United States, who has failed to ask the Congress for proper appropriations to bring parity prices.

I do not know how many of you people are aware of the fact that last year the Treasury of the United States made a present to foreign producers of gold—an outright gift—of nearly \$1,400,000,000. We purchased last year from the countries of the world \$3,574,000,000 worth of gold, for which we paid \$35 an ounce. A couple of days ago we celebrated the President's birthday. We all wished him well, a lot of happiness, and many more birthdays to come. Yesterday we celebrated the gold policy of this administration to give away something from the American people to foreign producers.

The reciprocal-trade program, the monetary policy, this free-trade policy of the administration, is all ruining American labor, agriculture, and industry. If we want to continue such a policy, then we must do what Mr. Wallace and Mr. Hull and Mr. Roosevelt tell us to do. If we are for American citizens, then we should scuttle their ship and get back to earth again and provide something sound for American citizens, so that they may make a profitable living without the necessity of continuing on doles and injections from the United States Treasury.

I hope that when these additional provisions come up we will have sense enough to legislate as we see it should be done for the best interests of our country rather than to follow the political utterances of the Secretary of Agriculture or any other Cabinet member. [Applause.]

[Here the gavel fell.]

Mr. TARVER. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, I hold no brief for the Secretary of Agriculture. I think an examination of the hearings had upon this bill will disclose that I was somewhat critical of the actions of his Department with respect to the administration of several items of the appropriation bill for the present fiscal year. I do believe, however, that the Secretary of Agriculture is an able and conscientious man.

That, however, is aside from the subject I want to discuss now. I want to do something, if I can, to keep the Record straight, in view of the remarks which were made by the gentleman from Minnesota [Mr. ANDRESEN]. The newspaper article to which reference was made by the gentleman from Virginia [Mr. WOODRUM], in his remarks did not quote the Secretary of Agriculture as having criticized the Appropriations Committee of the House of Representatives for failure

to make appropriation for parity payments. What was said in that alleged quotation from the statement made by the Secretary had relation entirely to the cut of \$154,000,000 plus, under Budget estimates; and as has been pointed out, parity payments were not included in the Budget estimates. Therefore nothing that the Secretary of Agriculture may have said could possibly have been construed as criticism of the Appropriations Committee for failure to exceed the Budget and provide parity payments above Budget estimates.

The subcommittee handling agricultural appropriations always calls the Secretary of Agriculture when it begins its hearings on the agricultural appropriation bill, and the committee hears him at length and asks his advice. It feels that because of his position and his experience in the actual handling of these appropriations he is in position to give advice of very great value to the subcommittee. I can conceive of no reason why he should be pilloried because of his attempt to make some suggestions to the Congress as a whole with regard to the actions which it should take concerning the estimates for appropriations submitted for the next fiscal year. These estimates were prepared in his Department under his supervision.

In fairness to the Secretary, I want to point out that if you will read his statement before our subcommittee you will find that he did not ask us to make provision for an appropriation for parity payments. He was specifically asked whether or not he recommended that parity payments be provided for in the bill, and he declined to submit any recommendation even to the subcommittee. So he cannot be justly criticized here today upon the ground stated by the gentleman from Minnesota [Mr. ANDRESEN] that he is asking Congress to do something that his Chief, the President of the United States, has failed to ask the Congress to do, by the submission of a Budget estimate for parity payments, because he has not done that, either before our subcommittee or in the newspaper article to which exception is taken. [Applause.]

Mr. FLANNAGAN. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I believe I voice the sentiment of the great majority of the people in this country when I state that it is not right, it is not fair, to make the farmer the victim of this economy drive that is going on today. Why single out the farmer and cut the appropriations made to the agricultural interests of this country in 1 year over half a billion dollars? I want someone to tell me why the farmer should be singled out in this economy drive.

The gentleman from Minnesota said that the policy pursued by our Secretary of Agriculture, Mr. Wallace, is not only detrimental to the farmers but that it is ruining the labor population of our country. I challenge both statements. I know when I came to this Congress back in 1932 the total income of all the farmers of America was something under \$4,000,000,000; and I know now that their income has gone up until it is around \$8,000,000,000 or \$9,000,000,000. We have made, to say the least, some progress. I am not here to say that we have not made mistakes, but I am here to say that this administration has dealt justly with agriculture and is the best friend the farmers of America ever had, and I believe has the backing of 90 percent of the farmers of America. [Applause.]

Let me say this with reference to labor: I am glad labor is back of the farm program. I am glad to see labor recognize the farm problem as their problem, and I believe the farmers feel the same way toward labor. Their problems are common. Anything that adversely affects the farmers adversely affects labor. And, conversely, anything that adversely affects labor adversely affects the farmers. I hold in my hand a letter from Mr. Oliver, president of Labor's Nonpartisan League, endorsing the Wallace program and asking those in Congress from urban and industrial areas to join hands in the fight to put back upon the statute books those items that have been taken out by the subcommittee on agricultural appropriations.

The letter is as follows:

LABOR'S NONPARTISAN LEAGUE,  
Washington, D. C., February 1, 1940.

HON. JOHN W. FLANNAGAN, JR.,  
House Office Building, Washington, D. C.

DEAR CONGRESSMAN FLANNAGAN: Labor's Nonpartisan League regards it as most important that the severe cuts made in the appropriations for the various agricultural functions of the Government be restored. It is to labor's interests as well as to the interest of the rest of the American people, that American farmers have security and prosperity.

We wish to put especial emphasis on the restoration of the amounts of the Farm Security Administration and food-stamp plan. The Congress of Industrial Organizations at its national convention went on record for the expansion of both of these very important Government functions. Many State and local units of Labor's Nonpartisan League have expressed themselves similarly. The establishment and extension of the stamp plan, for example, has brought hope to hundreds of thousands of workers and has received the enthusiastic support of the retail industry.

Labor's Nonpartisan League wishes to urge especially that in the common interest those who represent urban and industrial areas join to restore the appropriations necessary to the welfare of the American farmers.

Sincerely yours,

E. L. OLIVER,  
Executive Vice President.

Mr. FLANNAGAN. Mr. Chairman, let us look at this question in a sensible way. We all know that this 50-percent cut is going to seriously cripple agriculture, and that when we undermine agriculture we are tearing away the foundation from under our economic structure. Then why do this foolish thing in the name of economy? I know that right now economy seems to be a mighty popular word, but do not get it into your head that it will act as a shield to protect you while you rape the farmer. I have noticed that most of the applause on the floor today in response to statements derogatory of the Department of Agriculture and the farm program came from the left. I did not hear the Democrats over here on the right applaud the onslaught that has been going on against the farmers of America, and I am here to tell my Republican brethren that they had better take heed of Mr. Wallace's warning or they will pay the penalty next November, for they need not think their Republican constituents are going to send them back to make the farmers of America the goat of an economy drive. [Applause.] They will not stand for it. [Applause.]

Mr. HOOK. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Michigan is recognized for 5 minutes.

Mr. HOOK. Mr. Chairman, I ask unanimous consent to proceed out of order.

Mr. CANNON of Missouri. Mr. Chairman, reserving the right to object, can the gentleman conclude his remarks in 5 minutes?

Mr. HOOK. Yes; I can.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HOOK. Mr. Chairman, on yesterday afternoon certain remarks were made on the floor and printed in the CONGRESSIONAL RECORD. I shall not read those remarks or refer to them further than to read a letter dated January 29 from the Attorney General. It reads as follows:

OFFICE OF THE ATTORNEY GENERAL,  
Washington, D. C., January 29, 1940.

HON. FRANK E. HOOK,  
House of Representatives, Washington, D. C.

MY DEAR MR. CONGRESSMAN: This acknowledges receipt of your letter of January 22, 1940, enclosing a copy of an affidavit of David DuBois Mayne, together with photostatic copies of certain letters allegedly signed by William Dudley Pelley, which you referred to in your remarks in the CONGRESSIONAL RECORD.

I shall be very glad to give this matter consideration.

With kind regards,

Sincerely yours,

ROBERT H. JACKSON,  
Attorney General.

Mr. Chairman, at the proper time, and within the next couple of days, I intend to rise to a question of personal privilege. At that time I expect to give to the House a chrono-



logical story in narrative form from the beginning of this episode with regard to the Pelley letters and others right down to the present day. I will not do this today.

Yesterday afternoon when it was brought to my attention that Mr. David Mayne made the statement that the letters were a forgery, I had in my possession, and have had, an affidavit sworn to by Mr. Mayne before a very reputable notary public in the city of Washington that he was well acquainted with the signature of Pelley, that he saw him write his signature, and that the signatures were authentic and genuine on the instruments attached to that affidavit. There was grave doubt in my mind after the report made that this gentleman said he committed forgery, that those were forged. I therefore took the instruments that I had, and which were placed in the CONGRESSIONAL RECORD, together with all other letters signed by Pelley that were in my possession, to the Department of Justice and asked them to examine them very minutely and give me a full and complete report with regard to the matter.

The statement I want to make here now is that many men on the floor of this House have made statements that later they asked to have withdrawn. In view of the fact that there is some doubt as to the authenticity of these letters—and I am not at this time at liberty to say they are not authentic until I get that report—I am going to ask at the proper time leave to withdraw the Pelley letters and the statements with regard to the Pelley letters.

Mr. COX. Will the gentleman yield?

Mr. HOOK. I cannot yield.

The statement made was based on much information that the House does not have but should have. Other information in connection with this whole episode has been sent to the Department of Justice.

I may have transcended the rules of this House in presenting those letters, but many other Congressmen have done that. However, deep down in my blood and my body I feel that, far above any office that I hold, far above any office that any man holds in this Nation, are the fundamental principles of democracy, and if I have to violate the rules of the House to bring forth things that I think might in any way stain those foundations, I would do it. It is unfortunate that a real American citizen who loves his Nation should be placed in a bad light through documents claimed to be forged by a person who was in the employ of the so-called Dies committee. Certain Members here claim to have inside information with regard to these documents. If that is so, then, of course, the committee must have had that knowledge. I hope that is not true, because if it is, then, of course, no Member of this House will be safe in presenting any evidence to this House without taking the chance of being framed through trickery of employees of investigating committees. This would be a very vicious thing in a free nation, close to the methods of the Gestapo. God forbid that should ever come to pass here. At the present time I am saying that I feel I am going to ask at the proper time to have those remarks withdrawn.

[Here the gavel fell.]

The Clerk read as follows:

Total, salaries and expenses, Bureau of Agricultural Chemistry and Engineering, \$868,775, of which amount not to exceed \$457,602 may be expended for personal services in the District of Columbia, and not to exceed \$3,725 shall be available for the purchase of motor-propelled and horse-drawn passenger-carrying vehicles necessary in the conduct of field work outside the District of Columbia.

Mr. ALEXANDER. Mr. Chairman, I offer an amendment. The Clerk read as follows:

Amendment offered by Mr. ALEXANDER: On page 50, line 1, after "Columbia", insert "of which amount not less than \$25,000 nor more than \$50,000 shall be used for the investigation and development of methods for the manufacture and utilization of starches from cull potatoes and surplus crops."

Mr. CANNON of Missouri. Mr. Chairman, the amendment is, of course, subject to a point of order, but if the gentleman wishes to discuss it, I shall reserve the point of order.

Mr. ALEXANDER. Mr. Chairman, I have offered this amendment in order to call attention to the need in the

producing areas of the Nation for the establishment by the Department of Agriculture of exactly what my amendment calls for; that is, a study of means to utilize starches taken from cull potatoes and other surplus crops.

In this bill we have already appropriated for several different items which would, it seems to me, give the Secretary of Agriculture plenty of funds with which to do something constructive. As I have already said today, the people of my district are asking what our Government officials are doing with all these tremendous sums of money. I have before me four items in this bill from which we might use some money along the lines I am suggesting in my amendment. Under the "Office of foreign agricultural relations" we are appropriating \$196,396. I will touch on that in a moment. Under a "special research fund" we appropriate \$1,400,000. Under this section, the Bureau of Agricultural Chemistry and Engineering, we are about to appropriate, after amendments, upward of \$1,000,000, the committee's recommendation being \$868,775. Under the "Bureau of Agricultural Economics" we have a recommendation for another \$838,900.

In my remarks before the House exactly 1 year ago today I called attention to the fact that we are shipping into the United States a tremendous amount of starch, principally in the form of sago and tapioca, which comes in in competition with cull potatoes or the starch that might be taken from them and from corn, from wheat, and from rice. I assume most of the Members of the House are interested in some one or more of these farm products and the surpluses we have in them and the low prices the farmers receive for same.

Mr. Chairman, I shall insert in the RECORD at this point a chart showing the importations of tapioca, sago, and other starches which resulted, in 1939, in a total of four hundred seventeen million, six hundred thousand-odd pounds of starch being shipped into this country—and duty-free, mind you, because there is no duty on this sort of commodity; and in 1937, the total all-time high of 466,327,683 pounds was shipped in—in competition with the farm products of our country:

*Imports of tapioca and sago into the United States, fiscal years 1900 and 1910 and calendar years 1920-37*

| Year ended June 30—     | Pounds        |
|-------------------------|---------------|
| 1900.....               | 16, 846, 056  |
| 1910.....               | 49, 144, 386  |
| Year ended Dec. 31—     | Pounds        |
| 1920.....               | 104, 098, 137 |
| 1925.....               | 124, 737, 274 |
| 1930.....               | 114, 049, 999 |
| 1931.....               | 149, 526, 124 |
| 1932.....               | 139, 476, 880 |
| 1933.....               | 202, 718, 852 |
| 1934.....               | 188, 870, 639 |
| 1935.....               | 226, 918, 332 |
| 1936 <sup>1</sup> ..... | 305, 938, 103 |
| 1937.....               | 466, 327, 683 |

<sup>1</sup> The Netherland trade agreement became effective Feb. 1, 1936.

Compiled from Foreign Commerce and Navigation of the United States, Department of Commerce.

*Starch, sago, and tapioca imports into the United States for the calendar years 1938 and 1939*

| Item      | Quantity      | Value       |
|-----------|---------------|-------------|
| Starch:   |               |             |
| Potato:   | Pounds        |             |
| 1938..... | 6, 746, 251   | \$154, 738  |
| 1939..... | 10, 983, 533  | 245, 600    |
| Other:    |               |             |
| 1938..... | 849, 905      | 30, 399     |
| 1939..... | 1, 024, 056   | 34, 831     |
| Tapioca:  |               |             |
| 1938..... | 230, 879, 183 | 3, 880, 055 |
| 1939..... | 382, 802, 971 | 5, 520, 593 |
| Sago:     |               |             |
| 1938..... | 11, 803, 499  | 149, 724    |
| 1939..... | 22, 807, 408  | 291, 581    |

Source: U. S. Bureau of Foreign and Domestic Commerce. Monthly summary of foreign commerce of the United States, December 1938, pp. 20 and 22, figures for 1938.

Mr. Chairman, in my district in Minnesota we have a couple of plants which were set up to extract the starch from cull and defective potatoes, but those plants today are

not being operated. They are out of commission. They are standing there idle. The product one of them manufactured last year is still unsold because of the tremendous competition from foreign starch. In the entire State of Minnesota we had 17 such plants, which are now closed, all but the one in my own district at Dalbo. In the State of Maine we had a similar number of plants, 23 to be exact, and in the State of Idaho others, and so on around the Nation we had these plants set up, organized, and doing business, until this tremendous amount of foreign competition put them out of business.

Now, the point I want to make, and the reason I suggest this amendment, is that we should have an allotment or earmarking of from \$25,000 to \$50,000 for the use of the Department of Agriculture, with an instruction and order from us to use it for this purpose, namely, to help these plants which have been set up and are ready to go, to get on a competitive basis, where they can manufacture starch out of these waste products which are now lying around this country, and rejuvenate and aid these plants so they can produce, as it were, in competition with the starch which is being shipped in from foreign nations. [Applause.]

I wish also to suggest to the proper committee of the House that they immediately take steps to investigate with the idea of so reducing by tariff imposition or otherwise as to prevent the further dumping here of sago and tapioca starch, which in 1937 amounted to the enormous sum of 466,327,683 pounds, or nearly 40 percent of this country's total starch consumption.

This means direct and destructive competition with Maine, New York, Minnesota, Montana, and Idaho potatoes; competition with Ohio, Indiana, Illinois, Iowa, and Minnesota corn; with our wheat; and our Southland's rice; and a continual reduction or depression of farm prices in general because we cannot hope to compete with this duty-free, cheap, tropical-labor production and retain our high standard of living or civilization.

No doubt you appreciate the fact that a fair proportion of several important agricultural crops are converted into starch, either for sale as such or as derivatives of starch, such as sirup and sugars. In the case of corn about one-third of all the corn grain shipped to the primary markets is converted into cornstarch, or into one of a multitude of its derivatives. In short crop years the proportion is even greater. The corn-refining industry consists of 14 plants, which have processed in recent years from 58,000,000 bushels in 1935 to 87,000,000 bushels—in 1926 and also 1929—of shelled corn annually. Over 68,000,000 bushels were processed in 1937. The corn-refining industry in recent years has paid the United States farmers more money annually than they have received from any one of 68 different crops, and there are only 78 important crops. This industry paid out more money for corn in either 1936 or 1937 than the farmers received from the sale of their corn grain in 46 out of the 48 States.

The United States potato-starch industry is large in Maine, where from 1,000,000 to 5,000,000 bushels of potatoes have been processed annually since 1927–28. Some potato starch is produced in Minnesota. About 15,000,000 pounds of wheat starch and approximately 1,000,000 pounds of rich starch are produced annually.

These industries are primarily American, using domestic labor, capital, and equipment. The corn-refining industry is a heavy-goods industry. The United States starch industries are liberal consumers of goods and services of other industries. Extensive use is made of paper and cotton bags. Chemicals and coal are an important item. The transportation of, first, the raw agricultural products to the plants and the accumulation of supplies, and then the shipment of the starches, their derivatives, and the byproducts to consuming centers are reasonably important sources of revenue to the railroads.

A severe competitive situation exists in the starch industry. Every starch-producing product, every kind of starch, and

every product competing with any starch is subject to a tariff, except tapioca and sago, two tropical starches which enter the United States free of duty. According to the Tariff Act of 1930, all starches are subject to an import duty. However, the Tariff Act of 1930 classifies tapioca and sago as "flour," although in various publications the Tariff Commission and the Department of Agriculture refer to them as starches. In addition they have been bound to the free list by the Netherlands Trade Agreement.

In binding tapioca and sago to the free list, through the medium of the Netherlands Trade Agreement, the Department of State caused United States agriculture, particularly the Potato, Rice, Wheat, and Corn Belt farmers, to lose an important outlet for cash crops. To date the only manner by which the Department of State will permit agriculture to meet the competition from the duty-free starches is on a price basis. To effectively compete with the imported starches, corn as a raw material for cornstarch production would have to decline below the current level of prices, which, from the Corn Belt farmers' standpoint, is generally considered unsatisfactory to the maintenance of a reasonable income and standard of living.

#### THE PROBLEM OF CULL POTATOES IN MINNESOTA

A few years ago Minnesota supported a potato-starch and flour industry. There were 17 plants for the manufacture of high-grade potato starch and flour that helped the farmers by returning to them some profit on the small or defective potatoes that were graded out to maintain the size and quality required for table stock. Only one plant, at Dalbo, is now in operation. Plants at Cambridge and Princeton are still usable but have not operated for several years. The plant at Dalbo still has unsold its last year's production of 100 tons of fine-food quality starch. Close grading, if again established, will again yield a sufficient quantity of low-grade stock to reestablish this industry and give employment to Minnesota labor.

The potato-starch industry in Maine operated 23 plants with aid from the Government to farmers for diverting potatoes. Idaho operated 4 factories for their cull stock. Starch and potato flour were sold to the Surplus Commodities Corporation and given to the relief administration for distribution. One hundred and seventy-five thousand pounds were shipped into Minnesota to relief clients and the flour was well liked. It is used for gravies, fish balls, frying, potato bread, and it makes good mashed potato. This competed with the Minnesota plant at Dalbo, that received no governmental support.

The United States is the only country that produces starch that does not protect its producers by an import tax.

Mr. Chairman, I ask unanimous consent to revise and extend my remarks in the RECORD and include therein some of my own remarks which I placed in the RECORD a year ago today.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. CANNON of Missouri. Mr. Chairman, I insist on the point of order.

The CHAIRMAN. The gentleman from Missouri makes a point of order against the amendment offered by the gentleman from Minnesota, the amendment providing for the investigation and development of methods for the manufacture and utilization of starches. Unless the gentleman from Minnesota can present some authority in law for the appropriation, which has not been called to the attention of the Chair, the Chair is prepared to rule. Does the gentleman from Minnesota desire to be heard on the point of order?

Mr. ALEXANDER. I will concede the point of order, Mr. Chairman.

The CHAIRMAN. The point of order is sustained.

The Clerk read as follows:

Japanese beetle control: For the control and prevention of spread of the Japanese beetle, \$395,000.

Mr. BENDER. Mr. Chairman, I offer an amendment.



The Clerk read as follows:

Amendment offered by Mr. BENDER: On page 51, line 13, after the comma, strike out "\$395,000" and insert in lieu thereof "\$50,000."

Mr. BENDER. Mr. Chairman, I ask unanimous consent that I may be given 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. BENDER. Mr. Chairman, when you consider the entire amount of this bill, this is relatively a small item, and yet I feel it is an important one.

I do not know how many of you have taken the trouble to learn more of the work of the Bureau of Entomology. Last year at this time I called attention to this item, and because I was new here I did not press the amendment. Since that time I have acquired some knowledge of this Bureau and have read considerably regarding its work. I have no criticism to make of its work generally, and I think pretty generally it is doing a fine job, but this item interests me because I have yet to find where the Department has done any constructive work in connection with the eradication or the elimination of the Japanese beetle.

The Japanese beetle, I understand, is to be found in the eastern part of the country and in the Middle Western States, such as Ohio, and in western Pennsylvania, and also in the State of Virginia.

I have inquired of the Department head regarding his work. I have asked for information as to what has been accomplished over the past 25 years in doing something about this particular insect. I have gotten pages of one- and two-dollar words that are meaningless, but I have not received anything from the Department to indicate that the money has been spent to advantage. Each year we appropriate approximately \$395,000 for the fight on the Japanese beetle, and the next year we are asked to appropriate a similar sum without being given any information regarding the result of this effort on the part of the Bureau of Entomology. Incidentally, the reason it has come to my attention is because I drive a motor car and on the highways near my home city are several of these quarantine stations. Here you find two inspectors and they have a little house. I do not know what they use that little house for, but they have a lot of lanterns along the road and they stop every motorist, and as the motorist stops they mumble some words. If you ask them the second time what they want, they ask you if you have any plants or any vegetables in your motorcar. As a matter of fact, they never stop to look and they do not investigate. Most of the motorcars now have trunks on the rear of them that they could open and lift up and see if you had plants or shrubs, but they never take the trouble to investigate.

In a letter I received today from the Acting Chief of the Bureau, Mr. Avery S. Hoyt, he states this regarding the habits of the Japanese beetle:

The adult of the Japanese beetle is a very strong flier and can travel considerable distances by natural means.

He is not a hitchhiker at all. He travels by "natural means." How many of these Japanese beetles have ever gotten into the motorcars of the citizens along the highways?

I am asking that the money be eliminated from the bill that is spent for these fellows along the highways that annoy the citizens of the country in asking them if they have any Japanese beetles or mumbling words that are not understandable by the average citizen. At times I have known motorists to be in line for half an hour, and when their turn came these fellows simply mumbled a few words to them.

I am willing that \$50,000 remain in the appropriation, and my amendment so provides, but I am asking to cut out of the appropriation \$340,000, most of which is used for the purpose of annoying our people without doing them any good.

The Acting Chief of the Bureau makes this further statement:

Its gradual spread from the known infested areas has been very largely by this method—

That is, by flying. And here we are making a hitchhiker of him. [Laughter.]

Frankly, I am appealing to your common sense and your good judgment. Incidentally, I read a book by an American entomologist in which he pays his respects to the Members of Congress.

In this book I read that he considers Congressmen a lot of numbskulls. I can readily understand why he feels that way about Members of Congress when they will pass appropriations of this kind and vote hundreds of thousands of dollars year after year for such purposes. This has been going on ever since 1916. Let us give it to some of these poor farmers or to somebody else who needs the money, but for God's sake do not give it to these inspectors on the highways.

When this measure came up in committee I noticed the only gentleman who asked him a question was the gentleman from Missouri [Mr. CANNON]. He said, "Are you controlling the spread where you are using it?" and Dr. Annand said, "We have not gone far enough to know. That is one of the hopes we have."

On a hope we are spending millions of dollars, and we have spent millions of dollars. Now, let us stop this foolishness. If we can get rid of this beetle, let us use the \$50,000 and let them show what good they are doing with it. You might just as well throw the money down the sewer as to spend it on these quarantines along the road.

A previous Congress got rid of the corn-borer inspector in the same way. They got rid of them because they knew they could not do anything about it in that way. Let us get rid of these quarantines along the highway and use the money to better advantage. [Applause.]

[Here the gavel fell.]

Mr. FADDIS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, in order to reach a proper understanding regarding the control or any attempt at control of any of the injurious insects, it is necessary that the members of the committee know something about the history of the insect.

The Japanese beetle which we are trying so hard to combat in the United States is dangerous because it is an imported pest. When, by some means or other, we have imported a pest from some foreign country, it becomes particularly dangerous because we do not, as a usual thing, import the natural enemy of the pest. Each and every destructive insect or bird or animal, in its own proper native locality, has there the natural enemy of that destructive agent, which naturally keeps it in a controlled state where it is not destructive. But when it is imported into some other section, the enemy of the pest is not imported, and then it becomes particularly dangerous. Under conditions of that kind it is incumbent upon the Government of the United States in order to protect the farmer and all others who are interested, to supplement by artificial means the destructiveness of the natural enemy of the bird or insect or pest.

In the control of the Japanese beetle it is necessary that plants and shrubs in transit be inspected, insofar as possible. I call the attention of the gentleman from Ohio [Mr. BENDER] to the fact that when they are inspecting plants and shrubs they are not looking for the adult beetle. They are looking for the eggs or the larvae, because that is when the beetle will distribute its kind over an area wide enough to cause extreme damage.

The gentleman from Ohio says he has been unable to see anything that the Bureau of Entomology has been doing to control this pest. I call his attention to the fact that all over the area affected by the Japanese beetle are to be found Japanese beetle traps. I know from experience from looking into them that they are exceedingly effective in catching a great many of the adult beetles. Of course it is impossible to catch all of them, but I do not see how we could afford to allow a pest like this to proceed with its devastating work all over the country and not take some steps to try to combat it. Everything of that kind is a matter of public concern

and unless natural agencies are supplemented in some respect, these insects which we have imported will soon overrun us and destroy all of our agricultural products.

I also call attention to this fact, that there are in the United States 6,500 nurseries and greenhouses in the regulated area. There are 6,500 nurseries and greenhouses, and the stock that goes out from those nurseries all over the country must be inspected before it goes out, in order to prevent this pest from being further scattered. The gentleman's own State of Ohio is being protected from the infected area of Pennsylvania by these Japanese beetle-inspection stations, which are doing the best they can to prevent the beetle from moving westward. I am satisfied that they are not working 100 percent. I am satisfied that there are men in that service who do not examine everything a citizen has, but if they go into all the cars passing and try to dig into every package there would be a howl go up about snooping by agents of the Federal Government. So I think the committee should leave this item in the bill in order that we may try as best we can in our feeble way to control this destructive insect, and in order that we may carry on the research work necessary to reach a higher state of efficiency along this line. [Applause.]

[Here the gavel fell.]

Mr. CANNON of Missouri. Mr. Chairman, we carry in this bill money for the control of a large variety of insect pests from the gypsy moth in New England, the Dutch elm disease in Massachusetts, the boll weevil in the South, the Mexican fruitfly in Texas, the blister rust in the West, and an infinite variety of pests of this character infesting every State in the Union.

We can eliminate all of these, or any one of them, and the country would still go along. I may say, however, that the Japanese beetle is probably the most generally destructive of any of these pests because it attacks every farm of vegetation—not only the garden crops, field crops, truck crops, but grasses, shrubbery, and trees themselves. The most serious results that would follow the elimination of this fund, however, is the fact that it would in effect erect a barrier against commerce in nursery stock at every State line.

Mr. Chairman, I ask for a vote.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. BENDER].

The question was taken; and on a division (demanded by Mr. BENDER) there were—ayes 42, noes 43.

So the amendment was rejected.

The Clerk read as follows:

Gypsy and brown-tail moth control: For the control and prevention of spread of the gypsy and brown-tail moths, \$375,000.

Mr. BOREN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BOREN: Page 52, line 18, strike out the paragraph beginning in line 18 on page 52 and ending with line 6 on page 53.

Mr. LUCE. Mr. Chairman, I make the point of order that the paragraph has not yet been reached.

The CHAIRMAN. The gentleman is correct; the paragraph has not yet been reached. The point of order is sustained.

Mr. LUCE. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I do this not to criticize and not to make suggestions, but for information, if it is to be had.

About 40 years ago a naturalist living within a mile of my house imported some gypsy moths and allowed them to escape. The result was that within a very short time my neighborhood was devastated. The matter came to the general court, as we call our legislature, and an appropriation was made to wipe out, if possible, that pest. After a year or possibly two there was a revolt against that program in the legislature and those who criticized succeeded in preventing further appropriation. A year or two more passed and that pest had traveled through Massachusetts, was working over into New Hampshire and Maine, and its de-

struction had become formidable. Appropriation was renewed and as far as I know my State is still spending money to care for this matter.

I would like to know from the chairman of the committee, if possible, whether this expenditure by the National Government is likely to continue through the lives of all of us and until kingdom come, or whether any progress at all is being made in wiping out this pest.

Mr. CANNON of Missouri. In response to the gentleman's inquiry, the testimony before the committee was that while we are controlling the spread of the pest, there is little likelihood we shall ever be able to exterminate it. Unquestionably Congress will be asked year after year to continue this appropriation.

[Here the gavel fell.]

The pro forma amendment was withdrawn.

The Clerk read as follows:

Dutch elm disease eradication: For determining and applying methods of eradication, control, and prevention of spread of the disease of elm trees known as Dutch elm disease and of a virus disease of elm trees prevalent in the Ohio Valley, \$400,000, to be immediately available: *Provided*, That, in the discretion of the Secretary of Agriculture, no expenditures from this appropriation shall be made for these purposes until a sum or sums at least equal to such expenditures shall have been appropriated, subscribed, or contributed by State, county, or local authorities, or by individuals, or organizations concerned: *Provided further*, That no part of this appropriation shall be used to pay the cost or value of trees or other property injured or destroyed.

Mr. BOREN. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. BOREN: Page 52, beginning in line 18, strike out the paragraph, ending on page 53, line 6.

Mr. BOREN. Mr. Chairman, I feel that this item is a fair test of the wish on both sides of the aisle to economize so far as unnecessary expenditures are concerned. I am in full accord with the movement on the part of a group of Members here to increase the expenditures for such programs as the surplus food stamps and soil conservation, but here we have an item of \$400,000, and in this great document of 1,593 pages a half page was devoted to consideration of the item. There is not one word, not one line, not one single point that would justify the expenditure of this \$400,000.

The chairman of the distinguished subcommittee asked the question which sums up the argument. What is being done? For 6 years they have been appropriating \$400,000 and in 6 years they have gotten exactly nowhere. They have done nothing except spend \$400,000 a year to pay unnecessary salaries and to pay individual farmers for cutting down trees on their own farms. They have done absolutely nothing about the purposes for which this appropriation was made. If the Members of the House are in good faith, if they are interested in economy, here is a place for the wise use of the ax of economy.

Mr. SOUTH. Will the gentleman yield?

Mr. BOREN. I yield to the gentleman from Texas.

Mr. SOUTH. A year or two ago I took occasion to consult the hearings and the records at that time. Witnesses who appeared on behalf of this appropriation stated that they knew no more about the cause and cure of this pest than they did when they started and admitted in effect that all of this vast amount of money that had been spent over a period of years had amounted to nothing thus far.

Mr. BOREN. I think the gentleman is right. This is not a bug or beetle to be quarantined in this tree disease. They propose here to attack the fungus growth that attaches itself to individual trees. Thus far they have been paying the farmers a part of this \$400,000 a year to cut down trees on their own land. The larger portion of this money has been spent for maintenance of personnel that apparently have been doing nothing. I have carefully examined the record of the hearings on this matter. On page 357 the testimony will bear out that absolutely nothing has been accomplished in the last 6 years to stop the spread of this disease. Again on page 579 of the hearings it is ad-



mitted by Department officials that nothing will be done next year to stop the spread of this disease. Again we are asked for \$400,000, that, according to past records, accomplishes nothing, and will accomplish nothing. Great shades of bureaucracy! Will we give \$400,000 to the Bureau which they admit is to be spent for exactly nothing so far as accomplishment is concerned?

Mr. CANNON of Missouri. Mr. Chairman, I ask unanimous consent that all debate on this paragraph and all amendments thereto close in 15 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri [Mr. CANNON]?

There was no objection.

Mr. MILLER. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I was rather surprised at the amendment just offered which would strike from this bill an item of \$400,000 for Dutch elm disease eradication. There are many items carried in this bill for the elimination of such pests as the Mexican fruitfly, blister rust, and the cotton boll weevil. I do not pretend to know anything about those things, and I do not know what has been accomplished so far as blister rust is concerned, and I do not know what you are doing for the cotton growers; but I am willing to go along with the gentlemen in those parts of the country who do appreciate the need for this money and who vote these appropriations. We expect the same treatment from those parts of the country that do not realize the importance of the elm trees to the eastern part of the United States.

Mr. Chairman, to say that nothing has been accomplished, except going on the land of private individuals and cutting down trees, is a definite misstatement of fact which I can attest from my own observation. I can assure the gentlemen from those parts of the country that have not the good fortune to have elm trees that we have many elm trees on private property, on the main streets, and on the beautiful greens of New England which add hundreds of thousands of dollars to the value of the property. If anyone had doubted that statement, they could have gone up into New England after the hurricane and they could have seen the way the valuation of property had been destroyed because the beautiful old elms were stricken down during the hurricane. In my own home town of Wethersfield we have one of the largest elms in the United States. Our local chamber of commerce will tell you it is the largest elm in the United States. The people of that community willingly and gladly vote appropriations each year to keep that tree alive, to bring in experts to plaster up its joints, and keep it going for posterity.

Mr. Chairman, I hope the members of this committee in their desire for economy will not vote to strike this item from the bill, unless they are willing to be consistent and strike from the bill every appropriation for the eradication of any of the pests listed in the bill.

Mr. BOREN. Will the gentleman yield?

Mr. MILLER. I yield to the gentleman from Oklahoma.

Mr. BOREN. Has any method been found in the 6 years that we have been appropriating the \$400,000?

Mr. MILLER. Certainly a method has been found.

Mr. BOREN. That is contrary to the statement in the hearings. Testimony appears on pages 357 and 358 of the hearings showing that they had not yet been able to find any way to control this Dutch elm disease.

Mr. MILLER. It depends on what you call control. By the same token we have been appropriating for the gypsy and the brown-tail moth for 32 years and have not eliminated those pests, but we have been keeping them in check.

Mr. SOUTH. Will the gentleman yield?

Mr. MILLER. I yield to the gentleman from Texas.

Mr. SOUTH. The hearings show that the tree specialists do not know the cause or the cure of this Dutch-elm disease. The money is being spent in destroying and cutting down trees.

Mr. MILLER. We know the cause. It is caused by a bug. Why it was born, I do not know.

Mr. SMITH of Connecticut. Will the gentleman yield?

Mr. MILLER. I yield to the gentleman.

Mr. SMITH of Connecticut. As a matter of fact, it is known that the virus of the disease is carried by this bug. The measures which have been taken for the control of this insect have been effective in its elimination. It has protected several hundred million dollars of elm trees in the north-eastern section of the country.

Mr. MILLER. That is the sworn information given to me by the Department concerned.

Mr. KEEFE. Will the gentleman yield?

Mr. MILLER. I yield to the gentleman from Wisconsin.

Mr. KEEFE. I call the gentleman's attention to the hearings upon this question which are found beginning on page 577 and ending on page 583, in which there is a very substantial justification for this appropriation and in which it is stated by the experts of the Department of Agriculture that the method of eradication is the same as used in Florida in connection with the fruit canker and the success they are having is comparable with the success they had in Florida.

Mr. MILLER. And I might point out that, with one exception, this is the only insect-control project which calls for a dollar-for-dollar matching appropriation from the State before the funds from the Federal Government are available.

I thank the gentleman. I intend to ask permission when we get back in the House to insert in the RECORD three or four of the pertinent paragraphs of the statement referred to by my colleague the gentleman from Michigan.

The CHAIRMAN. The Chair recognizes the gentleman from New Jersey [Mr. EATON].

Mr. EATON. Mr. Chairman, those of us who live in the elm-tree section, and that comprises a very large proportion of the States of this Union, know that the elm tree has an enormous value as timber, and in addition it has a value beyond computation as an ornamental tree.

The center of this evil began, as so many other evils do, around New York. This lumber was introduced from Holland for the purpose of making veneer, and it brought over with it the Dutch elm beetle. Pretty soon we found in our section that the elm trees were dying. The results of the work of our Department of Agriculture have been manifest in this last year in cutting the number of diseased trees in two. While in 1938 we had some 18,000 or 19,000 diseased trees, this year the number has been reduced to 10,000.

This is one of the most remarkable diseases ever introduced into tree life. The bug carries a spore, an infection, the same as a typhoid germ. This germ enters the life stream of the tree, which is exactly like the life stream of the human body. It infects the tree and the tree dies. There is no way of getting rid of that tree as a carrier of infection unless you destroy it root and branch, and that is what is being done.

I am grateful to see that in spite of the necessity for economy in this election year there has been left \$400,000 in this item. I beseech the distinguished chairman of this committee, the gentleman from Missouri, who has an obsession on this subject, to become sane enough and friendly enough to my district and my section of the country to let this item go through, as he did last year. When he is in his right mind on the elm tree disease he is a wonderful chap, and I hope he will be that way now. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Missouri [Mr. CANNON].

Mr. CANNON of Missouri. Mr. Chairman, our committee reluctantly appropriated \$400,000 for the purpose.

We have spent in all over \$17,000,000 of Federal funds for this purpose but I regret to say we have never cured a single tree after it was once infected. We have never been able to stop the spread of the disease. It covers a wider area each year. They say the number of infected trees has been reduced, but that is because of the removal of the dead trees. All they have ever accomplished is to cut the trees and save the owners the expense of cutting and removal.

Apparently there is only one way to stop the disease, and that is for the States under their police power to cut the elm trees in the exposed zone. The disease can attack

only within a certain distance. If they cut all the trees within that distance, leaving no trees to be infected, the disease will be stopped. No other practical remedy has been suggested.

We reluctantly reported an amount below the Budget estimate to show a desire to cooperate. If they will adopt effective control methods which promise results the committee will be glad to recommend the appropriation of any reasonable amount they feel is necessary to meet the situation.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oklahoma.

The amendment was rejected.

Mr. CANNON of Missouri. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore [Mr. THOMASON] having resumed the chair, Mr. COLE of Maryland reported that the Committee, having had under consideration the bill (H. R. 8202) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1941, and for other purposes, had come to no resolution thereon.

#### EXTENSION OF REMARKS

Mr. FLANNAGAN. Mr. Speaker, I ask unanimous consent to extend the remarks I made on the floor this afternoon and to include therein a letter received from Labor's Non-partisan League, referred to in my remarks.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. TERRY. Mr. Speaker, I ask unanimous consent to extend my remarks in the appendix and to include therein a letter addressed by Edward O'Neal to the gentleman from Illinois [Mr. DIRKSEN].

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. TARVER. Mr. Speaker, the gentleman from Texas [Mr. SUMNERS] has requested me to ask that he may have unanimous consent to revise and extend the remarks made by him in the House today.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. MASSINGALE, Mr. BOREN, and Mr. MURDOCK of Arizona asked and were given permission to revise and extend their own remarks in the RECORD.

Mr. REES of Kansas. Mr. Speaker, I ask unanimous consent to extend my remarks and to include therein a short editorial by William Allen White, of Emporia, Kans.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. FERGUSON. Mr. Speaker, I ask unanimous consent to extend my remarks made in Committee of the Whole and to include therein a letter and a table from the Bureau of Plant Industry.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. MILLER. Mr. Speaker, I ask unanimous consent to extend my remarks that I made this afternoon and a second request to extend my remarks by including a letter from the finance commissioner of the State of Connecticut.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

#### CORRECTION OF THE RECORD

Mr. HOOK. Mr. Speaker, I ask unanimous consent that I be allowed to withdraw my remarks of January 23; that is, all letters pertaining to the so-called Pelley letters and all remarks referring to those letters.

Mr. KEEFE. Reserving the right to object, Mr. Speaker, I would like to ask the gentleman if in making this unanimous-consent request he will state at this time whether he has any mental reservations as to the authenticity of the letters which were incorporated in his remarks.

Mr. HOOK. I have submitted all those letters to the Department of Justice, asking for a full and complete report, and the gentleman, in his former capacity as prosecuting attorney, even though it may have been a small town, knows that that is the proper thing to do—to find out from the Department of Justice, and if the gentleman wants to object to my unanimous-consent request, go ahead and object to it. I call for the regular order.

The SPEAKER pro tempore. The gentleman from Michigan asks unanimous consent to withdraw certain letters appearing in the CONGRESSIONAL RECORD on the date mentioned by him. Is there objection?

Mr. KEEFE. Further reserving the right to object, Mr. Speaker, I would like to have the RECORD show that the request of the gentleman to expunge his remarks from the RECORD is not accompanied by any concession or admission as to the untruthfulness of those statements, and until that question is determined I shall object to any effort to clear the matter at this time, because I propose to address the House as soon as I can get time.

I will bring proof to this House that is uncontroverted that will disclose definitely to every Member of this House that these letters were forged and that those statements were untrue. I do not propose to leave this record stand and have word go out to the country that this record has been expunged, but that there is still doubt as to a conspiracy and as to the untruth of those remarks contained in the gentleman's speech.

Mr. HOOK. Mr. Speaker, I ask that the gentleman's remarks be taken down on the question of conspiracy.

The SPEAKER pro tempore. The Clerk will report the words objected to.

The Clerk read as follows:

I do not propose to leave this record stand and have word go out to the country that this record has been expunged but that there is still doubt as to a conspiracy and as to the untruth of these remarks contained in the gentleman's speech.

Mr. HOOK. There was more than that; there was reference made to a conspiracy.

Mr. MARTIN of Massachusetts. Mr. Speaker, all we know is what the RECORD says.

Mr. RAYBURN. Mr. Speaker, will the gentleman from Wisconsin yield that I may interrogate him?

Mr. KEEFE. Yes; I shall be very happy to.

Mr. RAYBURN. The gentleman in his remarks referred to a conspiracy. I assume and presume he was not making a blanket accusation of conspiracy on the part of the gentleman from Michigan.

Mr. KEEFE. I do not quite understand what the gentleman from Texas means by the term "blanket conspiracy."

Mr. RAYBURN. Or a conspiracy of any sort on the part of the gentleman from Michigan.

Mr. KEEFE. I did not say that he conspired. I said that there was a conspiracy.

Mr. RAYBURN. I was asking the gentleman a specific question—if he were accusing the gentleman from Michigan of conspiracy.

Mr. KEEFE. No; I am not accusing him of conspiracy. I stand on the record, the words as stated.

The SPEAKER pro tempore. Inasmuch as the gentleman from Wisconsin has said that he did not refer to the gentleman from Michigan as being a conspirator, or did not accuse him of being a part of a conspiracy, the Chair rules that the words objected to are not out of order.

Is there objection to the request of the gentleman from Michigan?

Mr. KEEFE. Yes, Mr. Speaker; I object.

Mr. HOOK. Mr. Speaker, I ask unanimous consent to proceed for 5 minutes.



Mr. SECCOMBE. Mr. Speaker, reserving the right to object, will the gentleman yield during that 5 minutes?

Mr. HOOK. I will not.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HOOK. Mr. Speaker, all is not gold that glitters. Ever since January 23 the gentleman from Wisconsin has been making remarks with regard to matter I placed in the RECORD. I have this afternoon asked unanimous consent for leave to withdraw the letters and all matters pertaining to the Pelley letters from those remarks. He objects and refers to the fact that I should come out and make a positive, definite statement that the letters were a forgery. Probably the gentleman could under the circumstances make such a statement. I cannot.

I believe that officers appointed by the District of Columbia, which is a part of the Federal Government, have a certain duty to perform. They are clothed with a certain amount of authority. A notary public by the name of Wayne Birdsel, one of the finest gentlemen in the District of Columbia, a notary public, put this man Mayne under oath. On January 12, 1940, Mayne raised his right hand, and under solemn oath swore that the letters were authentic, that they were signed by Pelley and that he knew Pelley's signature, and that they came to him in the ordinary course of correspondence. We should be able to rely on that statement. I understand, however, that later this very gentleman appeared before the Dies committee and under oath stated that the letters were not authentic but that he forged the letters.

When are we to believe this man? Are we to believe that he perjured himself before the courts of this country, or are we to believe that he perjured himself before the Dies committee? Where did he perjure himself? Is he a forger? I do not know. The best place I could think of to find an authentic signature of Pelley was in the Department of Justice. About the only place I know of that we could rely on for an authentic signature would be the Internal Revenue Bureau where his income-tax returns are filed. I have no chance of examining those returns, but the Department of Justice has.

These letters have been given to the Department of Justice. When the Department of Justice reports to me, I will have confidence enough in their judgment to believe their examination.

[Here the gavel fell.]

Mr. HOOK. Mr. Speaker, I ask unanimous consent to proceed for 2 additional minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan [Mr. Hook]?

There was no objection.

Mr. HOOK. Mr. Speaker, I will present to this House the report of the Department of Justice. If the Department of Justice says those letters are not authentic, I am ready and willing to accept that statement. But let me say this with regard to the statement of the gentleman from Wisconsin: I will defy him to waive his immunity on the question of conspiracy and make that statement openly, outside of and off the floor of this House, whether it refers to me, whether it refers to Mr. Weisberg, or whether it refers to Mr. Jackson. I would like to have the gentleman waive his immunity. I hope he does. Will the gentleman do it?

Mr. DEMPSEY. Will the gentleman yield?

Mr. HOOK. I would like to have an answer.

Mr. KEEFE. I expect to take the floor in a few minutes, with the consent of the Members of the House, and I will answer the gentleman then.

Mr. HOOK. Will the gentleman waive his immunity? The gentleman will not waive his immunity, will he? I yield to the gentleman from New Mexico.

Mr. DEMPSEY. The gentleman has stated that he has great confidence in the notary who notarized the affidavit he now possesses.

Mr. HOOK. Yes.

Mr. DEMPSEY. What would the gentleman from Michigan say if the notary states he never swore Mr. Mayne at all?

Mr. HOOK. I do not know.

Mr. DEMPSEY. I am asking the gentleman, what would he say then?

Mr. HOOK. It states right on there over the notary public's seal. Will he deny his writing?

Mr. DEMPSEY. The notary states he never did swear him.

Mr. HOOK. Yes.

Mr. DEMPSEY. And the F. B. I. tells us this afternoon it was Mr. Mayne's own typewriter that the letters were written on. Would the gentleman have any doubt then?

Mr. HOOK. Which letters?

Mr. DEMPSEY. The letters you put in the RECORD.

[Here the gavel fell.]

Mr. KEEFE. Mr. Speaker, I ask unanimous consent to proceed for 10 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. KEEFE. Mr. Speaker, in the remarks which I made to this House yesterday, referring to the speech made by the gentleman from Michigan [Mr. Hook], I thought I was charitable to the gentleman. I trusted he would come before this House and ask to have that speech expunged and apologize to the House. He has elected to seek to have that speech expunged with reservations, which leads to the conclusion he still harbors in his mind the thought that while he has asked to have that speech expunged, he still believes in the truth of the statements therein contained, which I very viciously and bitterly complained about because of the implication, the innuendos, and aspersions cast upon the gentleman from Texas [Mr. Dies] and upon the Dies committee.

Mr. Speaker, I have before me the original statement given by the gentleman from Michigan to the press, apparently after he had learned of my statement.

I may say to the gentleman from Michigan that I had my office call him twice out of deference to him as a Member of the House to advise him that I intended to make the remarks which I made yesterday.

Mr. HOOK. Will the gentleman yield?

Mr. KEEFE. But at neither time was my office able to contact him.

Mr. HOOK. I was at the Department of Justice.

Mr. KEEFE. You may have been in the Department of Justice. You seem to be spending a lot of time down there.

Mr. HOOK. That is the proper place.

Mr. KEEFE. Mr. Speaker, I have the original statement given to the press, or at least one of them, by the gentleman from Michigan, which evidently must have been given after the statement I made on the floor of the House. In this statement he says:

I have the affidavit of David Mayne under oath that all the signatures are genuine Pelley signatures, written by Pelley. This, under oath, in contradistinction to a statement not under oath dragged out of him by the Dies committee in executive session.

If there should be any question of forgery, then the Dies committee is guilty of conspiracy to bribe a person to commit forgery to cover up their past nefarious acts.

It is typical Dies committee smearing to befog the real issue of collaboration with those closely connected with the Christian Front. The committee nor anyone else has ever denied, nor can they deny, the facts set forth in my first statement with regard to the Christian Front.

There was only one real effort made to overthrow the Government of the United States, and that came from below the Mason-Dixon line. It looks as if another effort is coming from that source.

That was a statement given the press by the gentleman from Michigan after he had knowledge of the fact that I as a Member of this House, on my oath as a Member, stated that those letters which he put into the RECORD were forgeries, and I repeat it—they are frauds of the worst character.

Mr. HOOK. Will the gentleman yield?

Mr. KEEFE. I do not intend to yield.

Mr. HOOK. I yielded to the gentleman.

Mr. KEEFE. The gentleman did not yield to me.

Let me show you one of them. Here is one of the original letters. Look at it. You see that: "The Silver Shirt Legion of America. Office of the national commander."

You see it pasted on there.

Mr. HOOK. Mr. Speaker, will the gentleman yield?

Mr. KEEFE. No; I cannot yield.

Mr. HOOK. That is not one of the original letters.

Mr. KEEFE. Oh, yes.

Mr. HOOK. It is not one of the original letters.

Mr. KEEFE. The Dies committee have produced these and will produce them in their report.

Mr. HOOK. Does the gentleman get access to the records of the Dies committee?

Mr. KEEFE. I have. Mr. Speaker, I decline to yield to the gentleman.

There they are. There is the photostatic copy and here is the letter from which the gentleman quotes in his speech. Look at it. There is the original, a piece of typewriting upon which is pasted a letterhead, clipped off from the letterhead of Mr. Pelley, apparently, and then put under a photostating machine to produce this photostat to make it appear that they got a real piece of literature. Look at it. Why, the simplest individual in the world could look at that instrument or this one and see that there was something phony about it.

I also call your attention to the fact that there was not even the slightest effort to inspect this situation, because if you will look at the signature you will see that the signature is spelled "Pelly," not "Pelley." The testimony of Mr. Mayne before the Dies committee was to the effect that he had purposely and deliberately misspelled the name of Pelley so there would not be any question about their being forgeries and being fakes.

If the gentleman wants fakes, I will give him the rest of the photostats of the originals that the gentleman claims he has and from which he quotes. Here they are, all of them, and every single one of these letters has been testified to by Mr. Mayne as being a letter which he produced as a result of his own fertile imagination upon his own typewriter.

The Dies committee, despite the innuendoes to the contrary, have been pretty careful about this thing, so they have brought before the committee the typewriter of Mr. Mayne and had these letters examined by comparison with the typewriter of Mr. Mayne, which they subpoenaed. This afternoon, before the Dies committee, Mr. Charles Appel, special agent in charge of laboratories of the Department of Justice—

Mr. HOOK. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. Does the gentleman yield for a parliamentary inquiry?

Mr. KEEFE. I do not.

Mr. HOOK. A point of order, Mr. Speaker.

The SPEAKER pro tempore. The gentleman will state it.

Mr. HOOK. The gentleman is quoting testimony taken before an executive meeting. The point of order is that this is out of order and the gentleman has no right to quote testimony taken in an executive meeting of a committee.

The SPEAKER pro tempore. If the gentleman from Wisconsin purports to discuss the executive proceedings of a committee it will not be in order.

Mr. KEEFE. I am not discussing the executive proceedings.

The SPEAKER pro tempore. But if he is just quoting on his own responsibility—

Mr. HOOK. He has referred to the testimony.

Mr. KEEFE. I am quoting on my own responsibility.

The SPEAKER pro tempore. Does the gentleman purport to quote the proceedings of a committee in executive session?

Mr. KEEFE. No.

The SPEAKER pro tempore. If that is what the gentleman undertakes to do, the point of order will be sustained.

Mr. HOOK. Mr. Speaker, a point of order. I will have to ask, then, that the remarks, if any, referring to the testimony taken in the executive meeting be stricken.

The SPEAKER pro tempore. All the Chair knows is that the gentleman says he is not purporting to quote the proceedings of an executive session of a committee of this House. If that be true, the point of order is overruled.

Mr. KEEFE. Let me say to the Members of this House that it seems rather strange that when I am endeavoring to bring out truth and fact I should be continually interrupted.

I am making these statements to you on my honor and my oath as a Member of this House, and I know whereof I speak. When I tell you that Mr. Appel, special agent of the Department of Justice in charge of laboratories, examined the typewriter of Mr. Mayne and compared it with these letters, and states that that typewriter wrote those letters, it ought to be pretty good proof to any sane individual, in connection with everything else, that the statement Mr. Mayne gave to the Dies committee that these letters were forgeries was the truth, despite the alleged affidavit which the gentleman spoke about and concerning which a member of the committee, the gentleman from New Mexico [Mr. DEMPSEY], in interrogating the gentleman from Michigan, stated that the notary public who took that acknowledgment testified that he did not swear Mr. Mayne.

Mr. DEMPSEY. Mr. Speaker, will the gentleman yield?

Mr. KEEFE. Yes.

Mr. DEMPSEY. He testified he did not even know Mr. Mayne.

Mr. KEEFE. I am willing to go this far, and say that one of the alleged affidavits was drawn in December and was not sworn to until January 12.

[Here the gavel fell.]

Mr. KEEFE. Mr. Speaker, I ask unanimous consent to proceed for 2 additional minutes.

Mr. HOOK. Reserving the right to object, Mr. Speaker, is the gentleman prepared to say, if he is so well acquainted with the affidavits, that the affidavit signed on January 12, 1940, did not state in there that Mr. Mayne was duly sworn?

Mr. KEEFE. I think the affidavit did so state.

Mr. HOOK. That is right.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin to proceed for 2 additional minutes?

There was no objection.

Mr. KEEFE. But even though I am just a small country lawyer, I have had 30 years' experience at the bar, and in all the courts of this country, and I want to say that my experience is similar to that of every other lawyer here, and that is that affidavits of that character are not sufficient to be used to besmirch the character of any man from coast to coast in the United States without further investigation. [Applause.] Even though I am a small lawyer and a small prosecutor, as the gentleman said a few moments ago, I would not dare to use a document of that kind for that purpose without further investigation.

Now, I want to say to the gentleman from Michigan that this matter has gone from coast to coast. The charges which he made were emblazoned upon newspapers all over this country; articles were written in magazines; one of them prepared and written by one of the gentlemen who is a party to this thing, Mr. Jackson, and appears in The Nation; and there in that article is an alleged photostatic copy of this very letter which I showed to you, appearing in that article and telling the people of America that here is proof that Dies is connected with Pelley and the Silver Shirts and the Christian Front, and here is the affidavit. Oh, but that picture in The Nation does not show this clipped-off letterhead such as appears here. It is taken from this doctored photostat which was made so that you would not be able to see that they had stuck this letterhead upon this phoney letter, prepared and written by this man, Mayne.

Now, I ask you in all fairness, Members of this House—I did not want to object to the gentleman's request—

[Here the gavel fell.]



Mr. KEEFE. Mr. Speaker, may I have just 1 more minute? The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. KEEFE. I did not want to object to the gentleman's unanimous-consent request, but in view of the statement which he gave to the press, which I read to you, after the statement which I made yesterday on the floor, and in view of the statement which he made in the Committee of the Whole prefacing his request, I cannot permit that speech to be expunged from the RECORD until there has been a full and complete determination of the facts, and the people of this Nation are apprised of the facts, and until they are told that at least a grievous wrong has been done to the members of this committee and to its chairman, the gentleman from Texas, MARTIN DIES. [Applause.]

Mr. MARCANTONIO. Mr. Speaker, I ask unanimous consent to proceed for 5 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. CANNON of Missouri. Mr. Speaker, will the gentleman from New York yield?

Mr. MARCANTONIO. I yield.

Mr. CANNON of Missouri. Mr. Speaker, I ask unanimous consent that all Members who have spoken in Committee of the Whole today may have 5 days within which to extend their own remarks in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. MARCANTONIO. Mr. Speaker, I rise solely for one purpose at this time and that is to call the attention of the House to an article that appears in the New York Sun of yesterday's date. Nobody can charge the New York Sun with even being liberal, or in any manner connected with any movement that is for progress. The New York Sun is a pro-Dies newspaper because it has supported the continuance of the Dies committee. I do hope that what is stated in this article is not true, because I refuse to believe that Members who are opposed to the continuance of this committee are subject to the type of trickery that this article describes. In fact, I do fervently pray and hope that it is not true; but in view of the fact that this statement is contained in the New York Sun, a paper which is well established in the city of New York, I submit that the House should pause and give thought to the information that this statement contains. In fact, I submit that these statements contained in this article should either be investigated by the House or repudiated by the members of the committee. In all fairness to the members of the committee, I make no charges against them, and I repeat I hope that what is contained here is not true.

I am not going to quote the whole article. I will put it in the RECORD, and I ask unanimous consent to put the whole article in the RECORD.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. MARCANTONIO. I am going to quote from that portion which I believe to be entirely relevant to the proceedings here this afternoon, that is, I believe that these portions are relevant as charged, but I do not take responsibility for what is contained in this news article. The New York Sun says, and I now read from a special dispatch to the New York Sun by Glen Perry:

So far as the committee is concerned—

Referring to the Dies committee—

the Sun learned its first information regarding the plot to smear Mr. DIES came in the middle of December, when Mayne came to Rhea Whitley, then counsel for the committee, and told him that such a plan was afoot and that, although the original intention had been to work on J. B. Matthews, committee investigator, it had been decided to switch the attack on Mr. DIES himself.

As evidence of his credibility, Mayne told Mr. Whitley that on the following Sunday a Washington broadcast would make an attack on Mr. Matthews. The attack came along on schedule.

He also told Mr. Whitley that a speech smearing Chairman DIES was being written, and that it would be made by a Member of Congress—

Mr. Whitley, incidentally, was the attorney for the Dies committee. He no longer is. I understand he has resigned.

The article continues—

and that it would be made by a Member of Congress not then selected. In this regard the committee has information that the speech was offered to and refused by another Congressman before Mr. Hook introduced it.

From that time on Mayne was making reports to the Dies committee on what was happening in the other camp. Thus the speech of January 22, in which Mr. DIES was attacked, came as no surprise to the committee, which had its counterattack in preparation.

Now, I submit that if Mr. Whitley had information and had been dealing with Mr. Mayne and knew what Mr. Mayne was leading these people into, and that he was selling to these people spurious and forged documents, then I say if this statement is true—and I am not saying it is; the New York Sun is saying it—if this statement is true, then the counsel of this committee engaged in this conspiracy just as much as Mr. Mayne. You cannot get away from that.

The SPEAKER pro tempore. The time of the gentleman from New York has expired.

Mr. MARCANTONIO. Mr. Speaker, I ask unanimous consent to proceed for 5 additional minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. MARCANTONIO. Now, I am not making these charges. It is the New York Sun that is reciting this story, and I hope that it is not true.

Now, continuing the article—the article then goes on after a statement by Mr. Gardner Jackson. It says:

The statement of what the committee had learned, made public by Representative JOE STARNES, acting chairman, did not confine itself to the matter of the Pelley letters. Mr. STARNES announced that the committee has affidavits showing that "certain parties in New York City had offered large sums of money to the affiliates for the purpose of obtaining documentary evidence showing a connection or collusion between Chairman DIES and the Christian Front."

In this respect the Sun learned that on Thursday night representatives of the Dies committee, working with private detectives, arranged a "plant" in New York City, in which \$4,000 was offered by a magazine editor for such documents.

Now, get this:

The committee representatives had with them false papers to be turned over in exchange for the money. Dictaphones recorded what was said, while the hidden detectives observed what was done.

I again say I hope this is not true. I refuse to believe that agents of a congressional committee of this House would employ private detectives to sell false documents to anybody who seeks information about a committee. Let us bear in mind what the essential question is here. This committee is not a sacred cow. Anybody has a right to fight this committee. Anybody has a right to obtain truthful information if such truthful information exists. But the committee has no right—and I do not say that the committee has done it; the New York Sun says it has learned that it has done it—it is between the New York Sun and the committee—the committee has no right, if what the New York Sun says is true, to get its agents to sell false documents so that somebody can be "let out on a limb" and then be crucified on the floor of the House of Representatives. That is the issue that is involved. That is the real issue before us. I do not take responsibility for the statements made in the New York Sun. The New York Sun made those statements. The New York Sun and the committee will have to thrash it out. We have here a question of veracity between the committee and the New York Sun. The House should be told the truth, as this is a most serious matter.

Since Members of this House have been charged with conduct which is not proper, since this issue has been raised, I think the integrity of the House is at stake and that an investigation of this matter should be made and be made now. Otherwise, no Member of this House is safe in disagreeing with, attacking, or attempting to obtain by proper means,

truthful information against the committee which that Member is fighting.

[From the New York Sun]

**LIGHT SOUGHT ON OPPOSITION TO DIES WORK—HOUSE GROUP TO FOLLOW UP CHARGES MADE BY FORMER PELLEY AID—LETTER FORGERY ADMITTED—DETAILS OF PRELIMINARIES TO PLOT TO SMEAR CHAIRMAN ARE REVEALED AT CAPITAL**

(By Glen Perry)

The House committee investigating un-American activities was today making plans to hear testimony from two men accused of heading a group seeking to block continuation of the committee's work by smearing Representative MARTIN DIES, of Texas, its chairman. The charges were made in an executive session yesterday by David Mayne, who formerly was the representative in Washington of William Dudley Pelley, head of the Silver Shirts.

Mayne testified that letters from which excerpts were recently placed in the CONGRESSIONAL RECORD linking Mr. DIES with the Pelley organization, had been forged by himself, for which he received \$100 and a promise of a job in the Department of Agriculture. He said that he was approached about 2 months ago by Harold Weisberg, who, he said, works under Gardner Jackson, legislative representative of Labor's Non-Partisan League, and told that a group headed by Weisberg and Jackson wanted information that would show collusion between Mr. DIES and the Silver Shirts and other so-called American Fascist groups.

Robert E. Stripling, secretary of the committee, said that two meetings might be held late today to question witnesses. Both Jackson and Weisberg, Mr. Stripling said, have informed the committee of their willingness to appear, and they will probably be heard at once. A subpoena has been issued for a third man, John Mitchell Henshaw, said by Mayne to have introduced him to Weisberg, but it has not yet been served.

Desiring, he explained to the committee, to put the plotters "out on a limb," Mayne agreed to produce the evidence, and then forged the letters. Excerpts from them appeared in a speech which was put into the CONGRESSIONAL RECORD by Representative FRANK HOOK, of Michigan. Although Mr. HOOK, in answer to a question put to him on the floor of the House of Representatives by Representative KEEFE, of Wisconsin, claimed authorship of the speech, Mayne testified that Weisberg said he himself had written it.

#### TWO ISSUE STATEMENTS

Both Weisberg and Jackson have issued statements, Jackson defending his connection with the group opposing the Dies committee and accusing the committee of seeking to distract attention from the Hook charges, while Weisberg denounced what he called "a one-sided and inaccurate attack on me, based entirely on the remarks of a self-confessed forger."

Mr. HOOK was asked to be present at yesterday's meeting, but refused to appear, saying that he would not come before the committee in the absence of its chairman, who is ill at his home at Orange, Tex., and is not expected to be in Washington until the end of this week.

So far as the committee is concerned, the Sun learned, its first information regarding the plot to smear Mr. DIES came in the middle of December, when Mayne came to Rhea Whitley, then counsel for the committee, and told him that such a plan was afoot and that, although the original intention had been to work on J. B. Matthews, committee investigator, it had been decided to switch the attack to Mr. DIES himself.

As evidence of his credibility Mayne told Mr. Whitley that on the following Sunday a Washington broadcast would make an attack on Mr. Matthews. The attack came along on schedule. He also told Mr. Whitley that a speech smearing Chairman DIES was being written and that it would be made by a Member of Congress, not then selected. In this regard the committee has information that the speech was offered to and refused by another Congressman before Mr. HOOK introduced it.

From that time on Mayne was making reports to the Dies committee on what was happening in the other camp. Thus the speech of January 22, in which Mr. DIES was attacked, came as no surprise to the committee, which had its counterattack in preparation.

#### JACKSON'S STATEMENT

Both Jackson and Weisberg said they were perfectly willing to appear before the committee, and stigmatized the statement made public yesterday as typical of the smearing tactics of the committee. Jackson said that he did not know Mayne and that his backing of Weisberg was "the natural outcome of our mutual, deep concern over the un-American procedure indulged in by Congressman DIES and some of his committee associates, in such sharp contrast to the procedures followed by Senators THOMAS and LA FOLLETTE on the Civil Liberties Committee."

The statement of what the committee had learned, made public by Representative JOE STARNES, acting chairman, did not confine itself to the matter of the Pelley letters. Mr. STARNES announced that the committee has affidavits showing that "certain parties in New York City had offered large sums of money to the affiants for the purpose of obtaining documentary evidence showing a connection or a collusion between Chairman DIES and the Christian Front."

In this respect the Sun learned that on Thursday night representatives of the Dies committee, working with private detectives, arranged a "plant" in New York City, in which \$4,000 was offered by a magazine editor for such documents. The committee repre-

sentatives had with them false papers to be turned over in exchange for the money. Dictaphones recorded what was said, while the hidden detectives observed what was done.

"The affiants further stated," the Starnes statement continued, "that this testimony (the documents) was to be used to discredit Chairman DIES and the committee, and that they intended to furnish the information to Congressman HOOK."

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent to proceed for 6 minutes.

The SPEAKER pro tempore. Without objection it is so ordered.

There was no objection.

Mr. VOORHIS of California. Mr. Speaker, the first thing I want to say is that I long for the time when it will be possible for the House of Representatives to pay some attention to the basic problems of the United States. The second thing I want to say is that my own position as a member of the Dies committee, which I have tried to fill honorably, has been one of the most difficult jobs I have ever had. I am not going to tell you that I am going to tell the truth, I am just going to do it.

In the first place there can be no question of doubt in these United States about the right of any American citizen to be as bitterly opposed to this committee as he wants to be opposed to it; and I said once publicly, in the public press, that I felt that when the time came that people who opposed this committee were accused of being friendly to communism, or nazi-ism, or fascism, that we were in a very dangerous situation—and I do feel that way.

There is no doubt in my mind whatsoever but that the letters which appeared in the RECORD purporting to come from Mr. Pelley were rank forgeries perpetrated by Mr. Mayne. I am speaking personally. That is what I believe definitely established. In all fairness let me say that there is no evidence of anybody's having purchased from Mr. Mayne known forged documents, nor is there any evidence that anybody except Mr. Mayne had the slightest knowledge that those documents were forged. I think the record should be plain on this point.

Mr. THOMAS of New Jersey. Mr. Speaker, will the gentleman yield?

Mr. VOORHIS of California. I yield.

Mr. THOMAS of New Jersey. As I understand the gentleman's statement it is not at all in accord with my version, because it is my recollection that the sum of \$105 was paid to Mr. Mayne.

Mr. VOORHIS of California. Let me explain to the gentleman that I think he is correct. The point I was trying to drive home was that there was no evidence that anybody knowing the documents were forged, or were unauthentic, had secured those documents and used them; that the people who used those documents were under the impression that the documents were genuine at the time.

Mr. THOMAS of New Jersey. Mr. Speaker, will the gentleman yield further?

Mr. VOORHIS of California. I yield.

Mr. THOMAS of New Jersey. Does not the gentleman think that if the gentleman who used the documents—

Mr. VOORHIS of California. I was going to come to that if the gentleman will let me proceed.

Mr. THOMAS of New Jersey. If the gentleman who used the documents had made any kind of examination at all, he would naturally have come to the conclusion that they were forged.

Mr. VOORHIS of California. I believe that a great deal more care should have been spent in that direction. Such things obviously ought never to be used until the persons using them are positive about them. I think there is no question about that. I think that great care should be used by anybody, including the Dies committee, when they have under consideration important matters having to do with the reputations of people.

Now, I am going to do a selfish thing, I am going to point out that if the brief, plain rules of procedure about which I spoke when the continuation of the committee was under consideration, and which we should have had in effect all the time, if these rules had been in effect we would not have



had to spend any time on a lot of these things. It would have helped tremendously, at any rate.

I come now to what the gentleman from New York had to say of the article in the New York Sun. I am only one member of the committee, and I do not by any means know everything about it, but so far as I know, no member of the Dies committee, nor anybody connected with the Dies committee, had the slightest knowledge of anything concerning the letters purported to have come from Mr. Pelley which were included in the statement of the gentleman from Michigan until they were presented in that statement. Am I correct about that? Is there any other member of the committee who would like to answer?

Mr. HOOK. Mr. Speaker, will the gentleman yield?

Mr. VOORHIS of California. I yield.

Mr. HOOK. They were brought before the Committee on Rules the morning before the statement.

Mr. VOORHIS of California. I beg the gentleman's pardon. I meant until they were mentioned before the Rules Committee.

Mr. STARNES of Alabama. Mr. Speaker, will the gentleman yield?

Mr. VOORHIS of California. I yield.

Mr. STARNES of Alabama. Just to refresh the gentleman's recollection, there was some testimony with reference to these documents presented at another meeting at which Members of Congress were present prior to the Rules Committee meeting.

Mr. VOORHIS of California. I had no knowledge of that.

Mr. STARNES of Alabama. The gentleman had no knowledge of that. The gentleman's position is, then, he had no knowledge of it until he received word at some time to that effect?

Mr. VOORHIS of California. Yes. What I mean is this: The article in the New York Sun, which the gentleman from New York [Mr. MARCANTONIO] read, at least the interpretation which he endeavored to put on that article, was to the effect that Mr. Whitley at any rate obtained from Mr. Mayne information about these letters. So far as I know, no member of the Dies committee or its staff had any knowledge about these purported Pelley letters until such time as they were presented before the Rules Committee.

[Here the gavel fell.]

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent to proceed for 5 additional minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California [Mr. VOORHIS]?

There was no objection.

Mr. STARNES of Alabama. Since I understand the gentleman's statement, so far as I am concerned, it is correct. The first intimation I had of any of this was when the gentleman from Michigan [Mr. Hook] made the statement before the Rules Committee.

Mr. MARCANTONIO. Will the gentleman yield?

Mr. VOORHIS of California. I yield to the gentleman from New York.

Mr. MARCANTONIO. May I ask a question for information? Does the gentleman from California or any of the other gentlemen of the committee know how many times Mr. Mayne conferred with Mr. Whitley during the month of December 1939?

Mr. VOORHIS of California. I would like to speak of that in just a moment.

Mr. DEMPSEY. Will the gentleman yield?

Mr. VOORHIS of California. I yield to the gentleman from New Mexico.

Mr. DEMPSEY. I may say to the gentleman from California that his statement insofar as I am concerned is absolutely accurate. I had no information about the letters nor did I have any information about Mr. Mayne until the gentleman from Michigan [Mr. Hook] appeared before the Rules Committee.

Mr. THOMAS of New Jersey. Will the gentleman yield?

Mr. VOORHIS of California. I yield to the gentleman from New Jersey.

Mr. THOMAS of New Jersey. In view of the decision made today by the Dies committee to make this whole matter public, the sooner we make the record public, the clearer the picture will be. I understand that making it public has been delayed a little while. I want to say to the House I think it would be to the advantage of the House and to the advantage of the Dies committee to make these executive sessions that we have had public just as quickly as we can and I am for doing it right now.

Mr. DEMPSEY. I am unalterably opposed to releasing a transcript of that record at this time, because many people's names have been mentioned who demand an opportunity to be heard before that record is released.

Mr. THOMAS of New Jersey. The gentleman knows we voted today to make the record public.

Mr. DEMPSEY. Had I been there I would have voted against it until these people are given an opportunity to be heard.

Mr. THOMAS of New Jersey. We voted to make the record public. In view of that vote, it should be made public.

Mr. DEMPSEY. I would like to ask the gentleman from New Jersey if he knew at that time that Members of the House of Representatives had been accused of certain things and desired an opportunity to be heard? Notwithstanding that he would release that record without giving them that opportunity?

Mr. THOMAS of New Jersey. I understand that we all agreed this morning to make the whole thing public.

Mr. DEMPSEY. I did not agree.

Mr. THOMAS of New Jersey. Everyone who was in the room at the time did.

Mr. DEMPSEY. I do not know what time you made that agreement.

Mr. THOMAS of New Jersey. Did not the gentleman from New Mexico know that we were going to make that decision today and that this matter was coming up?

Mr. DEMPSEY. I came over here on account of the farm bill.

Mr. THOMAS of New Jersey. I am asking the gentleman, did he not know the matter was coming up?

Mr. DEMPSEY. I understood you were going to take some action, but I would like to have the gentleman answer my question.

Mr. VOORHIS of California. Mr. Speaker, I would like to proceed.

Mr. HOOK. Will the gentleman yield?

Mr. VOORHIS of California. I yield to the gentleman from Michigan.

Mr. HOOK. Will the gentleman state to the House whether or not this man Mayne was ever employed by the committee or any member of the committee?

Mr. VOORHIS of California. If the gentleman will let me proceed for about 3½ minutes I will get to all those things.

Mr. Speaker, in my association with Mr. Whitley, who is counsel for the Dies committee, I have never known anybody in all my life that I felt was any more honorable and upstanding an individual than is Mr. Whitley. About the first of December I was appointed on a subcommittee of this committee to try to find William Dudley Pelley and bring him before the committee to be examined. I was chairman of the subcommittee—worse luck.

I was very anxious to bring Mr. William Dudley Pelley before the committee in open hearing and hoped we might be able to get at the bottom of some of the things that have been done by Mr. Pelley and some of his organizations. In connection with that, one thing that occurred to me was to request the cooperation of the Department of Justice, which I did. Mr. Mayne presented himself and said he would bring Mr. Pelley in and wanting to take every possible chance of getting Mr. Pelley and feeling that in spite of grave misgivings regarding Mr. Mayne, that nothing could be lost by trying this. Mr. Mayne was dispatched to North Carolina for the purpose of securing information as to Mr. Pelley's whereabouts.

[Here the gavel fell.]

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent to proceed for 5 additional minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California [Mr. VOORHIS]?

There was no objection.

Mr. VOORHIS of California. Mr. Speaker, that is the only connection Mr. Mayne had with the committee. His expenses were paid for that trip.

Mr. BRADLEY of Pennsylvania. Will the gentleman yield?

Mr. VOORHIS of California. I yield to the gentleman from Pennsylvania.

Mr. BRADLEY of Pennsylvania. His expenses were paid by the Dies committee?

Mr. VOORHIS of California. That is right.

Mr. BRADLEY of Pennsylvania. That is the gentleman we are hearing all this about?

Mr. VOORHIS of California. That is right, for the purpose of attempting to bring in Mr. William Dudley Pelley. May I say further that the original suggestion that Mr. Mayne might be helpful in bringing Mr. Pelley to the committee and in giving information regarding Mr. Pelley was made by a certain very prominent individual in Washington, whom I will not mention. I do not think the gentleman would like to have me express it at this time. Suffice it to say that this gentleman is a liberal if there ever was one.

I was trying to get Mr. Pelley and do the best I could. That is all I have to say about that. I thought that was part of what we were asked to do. I am informed that Mr. Mayne later came to Mr. Whitley and in an attempt, apparently, to play both ends against the middle, talked to Mr. Whitley about the fact that there was some kind of a plan on foot to bring up things against the committee. That is all I know about that. I am quite sure that he did that. I am equally certain that in the course of anything he may have told him there was no reference whatever to anything having to do with these letters that are under question, for had there been Mr. Whitley would most certainly have told the committee about it, and he never did so.

Mr. MARCANTONIO. Mr. Speaker, will the gentleman yield at this point?

Mr. VOORHIS of California. I yield.

Mr. MARCANTONIO. Was the gentleman present when Mr. Mayne and Mr. Whitley conferred?

Mr. VOORHIS of California. Not when Mr. Mayne did that. I was present on the occasions when Mr. Mayne was telling us how he could get hold of Mr. Pelley for us.

I should like to say that we never felt that Mr. Mayne was any paragon of virtue, but we were clutching at straws and hoping that in some way we might accomplish this purpose.

As far as I know, those are the main facts having to do with this sad and difficult tale. I should like to say this much further in general. I believe in a thorough investigation of the activities of any groups in this country which are fundamentally opposed to our constitutional democracy, and particularly if those groups are directed and controlled by a foreign power. Such an investigation is inevitably charged with dynamite. We have examples before us now in all of this debate that has taken place here the last few days of how easy it is to take an association of people and say that because a man made a speech to a certain group that contained certain people that were connected with certain organizations, therefore, that man is some way or another connected with that organization of people. That does not follow. A man ought to be judged by what he says and what he works and strives for, and he ought to be so judged whether his politics are on the right or whether they are on the left. [Applause.] He ought to be so judged even though he be a liberal, even though he be a progressive, even though he be an individual that believes it is necessary to take certain progressive economic steps to solve the problems of America, such as the problem of unemployment or farm tenancy or protection of small competitive business against monopoly.

I wish to say in conclusion that I resent deeply anything that may be said through the spoken or printed word by anybody which implies that because a man believes it is necessary to go forward to the solution of the economic problems of America or because he is concerned with the plight of people, therefore, he is contributing in some way or another to un-American activities and to a coming Communist revolution. [Applause.]

Mr. HOFFMAN. Mr. Speaker, will the gentleman yield?

Mr. VOORHIS of California. Yes; I yield.

Mr. HOFFMAN. How about a fellow who thinks it is all right to stay where we are? Has he a right to think that, too?

Mr. VOORHIS of California. He certainly does.

Mr. HOFFMAN. I thought so.

Mr. VOORHIS of California. I have no more sympathy with calling a man like that a Fascist or a Nazi or a friend of Hitler than I have for accusing a progressive of being a Communist. One result of the Dies committee, if its work is done properly, should be to paint in bold outline exactly what the very essential difference is between progressives and Communists and between conservatives and Fascists.

Mr. HOFFMAN. How about a reactionary?

Mr. VOORHIS of California. That is different. I reserve the right to call the gentleman a reactionary if he calls me a radical. As long as the gentleman calls me a progressive I will call him a conservative. [Laughter and applause.]

[Here the gavel fell.]

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent to proceed for 1 additional minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. VOORHIS of California. Mr. Speaker, we have a job to do. The Dies committee has a job to do. It is supposed to investigate the kind of subversive activities that I described a moment ago. It ought to stick religiously to that job. As far as I am concerned, I hope it will and will continue to strive to that end. But we, all of us, have a greater duty to perform and that duty is to resolve here and now that we are going to join hands with every person whose fundamental loyalty is to the United States, every person who regardless of his belief would live and die for the preservation of the constitutional democracy of this country, and that we are going to be done with any type of political campaigning on the basis of unsubstantiated accusations or name calling. We have the religious faith of our people, the freedom of ourselves, the opportunity for full development for our children to protect. And we cannot do it if we are divided into suspicious warring camps.

Now, I am taking the wind out of a long speech I wanted to make some day. I am making it now. But I have given you as nearly as I know how an accurate account of these matters, and I hope I may have straightened some of them out. [Applause.]

[Here the gavel fell.]

#### LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. KRAMER for the balance of this week on account of illness.

#### EXTENSION OF REMARKS

Mr. KITCHENS asked and was given permission to extend his own remarks in the RECORD.

Mr. LYNDON B. JOHNSON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a short article by Raymond Clapper.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

#### GARDNER JACKSON AND THE ATTEMPT TO SMEAR THE DIES COMMITTEE

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, and to revise and extend my remarks.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.



Mr. HOFFMAN. Mr. Speaker, yesterday the gentleman from Wisconsin [Mr. KEEFE] on the floor related that testimony before the Dies committee showed that Mr. Mayne testified he had been paid \$100 and promised a job in the Department of Agriculture in return for certain documents which he, Mayne, had forged, and the tendency of which was to reflect upon the Dies committee. At that time the majority leader [Mr. RAYBURN] made the statement that the man who "is supposed to have promised him, Mayne, a job in the Department of Agriculture has no official status there."

I assume that the statement of the gentleman from Texas [Mr. RAYBURN] is correct. That the man to whom reference is made, Gardner Jackson, whom the gentleman from Wisconsin [Mr. SCHAFER] yesterday characterized as "the legislative lobbyist on the Hill for Labor's Nonpartisan League," the political organization created and dominated by John L. Lewis is not now in Government service.

From the CONGRESSIONAL RECORD of January 28, 1935, at page 1108, I find this statement then made by the gentleman from New York, HAMILTON FISH, on the floor of the House, from which I quote a part as follows:

Mr. Chairman, a week ago I stated in the House that I would present certain evidence that Federal officeholders were contributing to a Communist veterans' organization, with its headquarters in the city of Washington. \* \* \* I have in my pocket photostatic copies of the receipts for these contributions which I will be glad to show to any Member of the House. They were given to me unsolicited \* \* \*. In accordance with the statement I made in the House of Representatives a week ago I am presenting photostatic copies of receipts from donations received by the Veterans Rank and File Committee, signed by Harold Hickerson, a prominent Communist, from Federal officeholders for the purpose of instigating a bonus march of Communists on Washington.

It is my understanding that this organization was staging a bonus march on Washington in opposition to the payment of the bonus.

After giving a number of names, together with the amounts of the contributions, the gentleman from New York [Mr. FISH] continued; I quote:

Another Federal officeholder who contributed to the Veterans' Rank and File Committee is Gardner Jackson, senior administrative counsel, Consumers Division, A. A. A., who made eight separate donations, according to photostatic copies of receipts, dating from September 19, 1934, to December 27, 1934, in sums of \$5, with the exception of one donation of \$10 on November 12, 1934. It is not surprising to find that Mr. Gardner Jackson is employed as counsel in the Consumers Division of the A. A. A., of which Dr. Frederic Howe, formerly on the National Committee of the A. C. L. U. and correspondent of the Federated Press, which spread revolutionary propaganda through the Communist press, is the chief counsel.

If this statement made in January of '35 by the gentleman from New York [Mr. FISH] is accurate—and I have no reason to doubt its correctness—and the gentleman from New York [Mr. FISH] asked me to call the attention of the House to it today, it discloses one of the slimiest sources from which comes the attack on the Dies committee, which is making communism so unpopular in these United States. Knowing the source, we have some measure of the purpose behind the attack.

#### ENROLLED BILL SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H. R. 7342. An act to amend the Emergency Farm Mortgage Act of 1933, as amended.

#### ADJOURNMENT

Mr. RAYBURN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 51 minutes p. m.) the House adjourned until tomorrow, Friday, February 2, 1940, at 12 o'clock noon.

#### COMMITTEE HEARINGS

##### COMMITTEE ON MILITARY AFFAIRS

There will be a meeting of the Committee on Military Affairs of the House in room 1310, New House Office Build-

ing, at 10:30 a. m., Friday, February 2, 1940, for the consideration of all bills pending before the committee relative to taxation of Tennessee Valley Authority properties.

##### COMMITTEE ON WORLD WAR VETERANS' LEGISLATION

The Committee on World War Veterans' Legislation will hold public hearings in the committee room, 356 House Office Building, Saturday, February 3, 1940, at 10 a. m.

##### COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

Hearings will begin Monday, February 5, 1940, at 10 a. m., before the Petroleum Subcommittee of the Committee on Interstate and Foreign Commerce. State regulatory bodies will be heard first.

##### COMMITTEE ON MERCHANT MARINE AND FISHERIES

The Committee on Merchant Marine and Fisheries will hold hearings at 10 a. m. on the following dates on the matters named:

Tuesday, February 6, 1940:

H. R. 7527, to make effective the provisions of the Minimum Age (sea) Convention (revised), 1936, and for other purposes.

Wednesday, February 7, 1940:

Hearings will be continued Wednesday, February 7, 1940, at 10 a. m., on H. R. 6130, to provide for mandatory or compulsory inspection and permissive or voluntary grading of fish, fishery products, fishery byproducts, shellfish, crustacea, seaweeds, and all other aquatic forms of animal and vegetable life, and the products and byproducts thereof, and for other purposes.

Tuesday, February 13, 1940:

H. R. 1780, to amend section 7 of the act of June 19, 1886, as amended (U. S. C., 1934 ed., Supp. III, title 46, sec. 319), relative to penalties on certain undocumented vessels and cargoes engaging in the coastwise trade or the fisheries, and for other purposes.

H. R. 5837, to amend section 221 of the Shipping Act, barring certain aliens from participating in the benefits thereof.

H. R. 6770, to amend Revised Statutes 4311 (U. S. C. 251).

H. R. 7694, to amend Section 4311 of the Revised Statutes of the United States.

H. R. 8180, to require that not less than 75 percent of the crew of any fishing vessel of the United States be citizens of the United States.

Tuesday, February 20, 1940:

H. R. 4079, to amend sections 4353 and 4355 of the Revised Statutes of the United States.

H. R. 6751, to repeal certain laws with respect to manifests and vessel permits.

H. R. 5788, to amend the present law relating to the delivery of ships' manifests to collector of customs by excluding Sundays and holidays from the time within which such delivery may be made by the master.

H. R. 5789, to amend the present law relating to the delivery of ships' manifests to collectors of customs by excluding Sundays and holidays from the time within which such delivery may be made by the master.

Friday, February 23, 1940:

H. R. 7639, to provide for the examination of civilian nautical schools and for the inspection of vessels used in connection therewith, and for other purposes.

##### COMMITTEE ON THE JUDICIARY

On Wednesday, February 14, 1940, at 10 a. m., there will be a hearing before the Special Subcommittee on Bankruptcy and Reorganization of the Committee on the Judiciary on the bill (H. R. 8016) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplementary thereto (municipal compositions). The hearing will be held in room 346, House Office Building.

#### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1348. A letter, from the chairman, District of Columbia Unemployment Compensation Board, transmitting the Fourth

Annual Report of the District of Columbia Unemployment Board for the calendar year ending December 31, 1939; to the Committee on the District of Columbia.

1349. A letter from the president, Board of Commissioners, District of Columbia, transmitting the draft of a proposed bill to amend sections 16 and 17 of chapter II of the act of June 19, 1934, entitled "An act to regulate the business of life insurance in the District of Columbia"; to the Committee on the District of Columbia.

1350. A letter from the Administrator, United States Housing Authority, transmitting the report for the fiscal year ending June 30, 1939, with supplementary data on activities of the United States Housing Authority (H. Doc. No. 609); to the Committee on Banking and Currency and ordered to be printed, with illustrations.

1351. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the legislative establishment, United States House of Representatives, for the fiscal year 1941, in the amount of \$30,000 (H. Doc. No. 608); to the Committee on Appropriations and ordered to be printed.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. SMITH of Washington: Committee on Pensions. H. R. 7147. A bill to amend the service pension acts pertaining to the War with Spain, Philippine Insurrection, and the China relief expedition to include certain continuous service; with amendment (Rept. No. 1559). Referred to the Committee of the Whole House on the state of the Union.

#### REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. WINTER: Committee on Claims. H. R. 658. A bill for the relief of Dr. B. L. Pursifull, Grace Pursifull, Eugene Pursifull, Ralph Pursifull, Bobby Pursifull, and Dora Little; with amendment (Rept. No. 1560). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. H. R. 1435. A bill for the relief of A. S. Tait; with amendment (Rept. No. 1561). Referred to the Committee of the Whole House.

Mr. KEOGH: Committee on Claims. H. R. 1798. A bill for the relief of the Board of County Commissioners of Brevard County, Fla.; with amendment (Rept. No. 1562). Referred to the Committee of the Whole House.

Mr. EBERHARTER: Committee on Claims. H. R. 3963. A bill for the relief of John H. Durnil; with amendment (Rept. No. 1563). Referred to the Committee of the Whole House.

Mr. KEOGH: Committee on Claims. H. R. 4561. A bill for the relief of Mrs. George C. Hamilton; with amendment (Rept. No. 1564). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee on Claims. H. R. 4756. A bill for the relief of Edd Nevins; with amendment (Rept. No. 1565). Referred to the Committee of the Whole House.

Mr. JENNINGS: Committee on Claims. H. R. 5866. A bill for the relief of Howard Daury; with amendment (Rept. No. 1566). Referred to the Committee of the Whole House.

Mr. POAGE: Committee on Claims. H. R. 5928. A bill for the relief of Ella Ragotski; with amendment (Rept. No. 1567). Referred to the Committee of the Whole House.

Mr. LEONARD W. HALL: Committee on Claims. H. R. 6919. A bill for the relief of R. E. Rule; with amendment (Rept. No. 1568). Referred to the Committee of the Whole House.

Mr. McGEHEE: Committee on Claims. H. R. 7855. A bill for the relief of Morrison-Knudsen Co., Inc., and W. C. Cole; with amendment (Rept. No. 1569). Referred to the Committee of the Whole House.

Mr. LEONARD W. HALL: Committee on Claims. S. 263. An act for the relief of George R. Morris; with amendment

(Rept. No. 1570). Referred to the Committee of the Whole House.

Mr. FENTON: Committee on Claims. S. 2276. An act for the relief of the R. G. Schreck Lumber Co.; with amendment (Rept. No. 1571). Referred to the Committee of the Whole House.

Mr. KEOGH: Committee on Claims. S. 2500. An act authorizing the Comptroller General of the United States to settle and adjust the claims of Mary Pierce and John K. Quackenbush; without amendment (Rept. No. 1572). Referred to the Committee of the Whole House.

Mr. McGEHEE: Committee on Claims. S. 2607. An act authorizing the Comptroller General of the United States to settle and adjust the claim of Edith Easton and Alma E. Gates; without amendment (Rept. No. 1573). Referred to the Committee of the Whole House.

#### ADVERSE REPORTS

Under clause 2 of rule XIII,

Mr. COOPER: Committee on Ways and Means. House Resolution 361. Resolution calling on the Secretary of the Treasury for information concerning Treasury Decision No. 49682 relating to American fisheries (Rept. No. 1558). Laid on the table.

#### CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Pensions was discharged from the consideration of the bill (H. R. 8253) granting a pension to Lula Davis, and the same was referred to the Committee on Invalid Pensions.

#### PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BUCKLER of Minnesota:

H. R. 8256. A bill for the benefit of the Chippewa Indians of Minnesota; to the Committee on Indian Affairs.

By Mr. HEALEY:

H. R. 8257. A bill to repeal section 16 (b) of the joint resolution entitled, "Emergency Relief Appropriation Act of 1939," approved June 30, 1939; to the Committee on Appropriations.

By Mr. KEOGH:

H. R. 8258. A bill for the marking, care, and maintenance of the Mount of Victory plot in the Cypress Hills Cemetery, in Brooklyn, N. Y.; to the Committee on Military Affairs.

By Mr. MAGNUSON:

H. R. 8259. A bill relating to the removal or reduction in rank of postal employees in the classified civil service; to the Committee on the Post Office and Post Roads.

By Mr. GREEN:

H. R. 8260. A bill to promote industrial prosperity, to increase industrial employment, and to develop and conserve the natural resources by aiding and promoting research in the engineering experiment stations connected with colleges and schools of engineering in the several State and Territorial universities and colleges, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. VINSON of Georgia:

H. R. 8261. A bill to authorize the Secretary of the Navy to sell equipment and supplies to and perform work for the Commonwealth of the Philippine Islands; to the Committee on Naval Affairs.

By Mr. RANDOLPH:

H. R. 8262. A bill to regulate, in the District of Columbia, the disposal of certain refuse, and for other purposes; to the Committee on the District of Columbia.

By Mr. O'BRIEN:

H. R. 8263. A bill to reduce the amount of damages for infringement of copyright of musical compositions in certain hotels and other places; to the Committee on Patents.

By Mr. HENDRICKS:

H. R. 8264. A bill to provide for national recovery by raising revenue and retiring citizens past 60 years of age from



gainful employment and provide for the general welfare of all the people of the United States, and for other purposes; to the Committee on Ways and Means.

H. R. 8265. A bill to provide for an appropriation for the Welaka Fish Hatchery, Welaka, Fla.; to the Committee on Appropriations.

By Mr. MOUTON:

H. R. 8266. A bill to amend section 301 (a) of the Sugar Act of 1937; to the Committee on Agriculture.

#### PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BATES of Kentucky:

H. R. 8267. A bill granting a pension to James S. Landrum; to the Committee on Pensions.

By Mr. GORE:

H. R. 8268. A bill for the relief of the heirs of William Young; to the Committee on Claims.

By Mr. HARTER of New York:

H. R. 8269. A bill to correct the naval record of Daniel D. Dolan; to the Committee on Naval Affairs.

By Mr. HEALEY:

H. R. 8270. A bill for the relief of Daniel Joseph Hartie; to the Committee on Naval Affairs.

By Mr. HENDRICKS:

H. R. 8271. A bill to authorize the appointment of John Easter Harris as a major, Corps of Engineers, Regular Army; to the Committee on Military Affairs.

H. R. 8272. A bill for the relief of Eugene E. Lee; to the Committee on Military Affairs.

By Mr. LUDLOW:

H. R. 8273. A bill for the relief of James R. Noonan; to the Committee on Claims.

By Mr. MAGNUSON:

H. R. 8274. A bill for the relief of Pearl Welch; to the Committee on Claims.

H. R. 8275. A bill for the relief of David C. Shelby; to the Committee on World War Veterans' Legislation.

By Mr. SHERIDAN:

H. R. 8276. A bill for the relief of Joseph Taylor; to the Committee on Military Affairs.

By Mr. SMITH of West Virginia:

H. R. 8277. A bill for the relief of Clark Wiley; to the Committee on War Claims.

By Mr. WHELCHER:

H. R. 8278. A bill for the relief of the heirs of Donald Crump and Mrs. John N. Crump and for the relief of Emma Jane Crump and Mildred Lounedah Crump; to the Committee on Claims.

#### PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

6336. By Mr. BOLLES: Petition of the Woman's Christian Temperance Union of Evansville, Wis., expressing their approval of the passage of Senate bill 280, the Neely motion-picture bill, by the Senate, and urging its passage by the House of Representatives; to the Committee on Interstate and Foreign Commerce.

6337. Also, petition of the Ladies' Aid Society, Elkhorn Methodist Church, Elkhorn, Wis., protesting against the shipment of war supplies to Japan from the United States and expressing their desire that legislation be enacted to curb such practice; to the Committee on Foreign Affairs.

6338. Also, petition of the Young Women's Foreign Missionary Society, Elkhorn Methodist Church, Elkhorn, Wis., protesting against the shipment of war supplies to Japan from the United States and expressing their desire that legislation be enacted to curb such practice; to the Committee on Foreign Affairs.

6339. By Mr. ELSTON: Petition of the Hilker & Bletsch Co. and 63 residents of Cincinnati, Ohio, protesting against the levying of excise or any other form of processing taxes

on bread and other everyday indispensable necessities of life; to the Committee on Ways and Means.

6340. By Mr. FULMER: Resolution submitted by F. E. Hatchell, secretary-treasurer, South Carolina Federation of Labor, Columbia, S. C., that the executive board of the South Carolina Federation of Labor, in session this 28th day of January 1940, endorse the Mead longevity bill (S. 487) and urge that our Senators and Congressman from this State lend their support to this end; to the Committee on the Post Office and Post Roads.

6341. By Mr. LUDLOW: Petitions of sundry residents of Springfield, Northampton, Chicope, Longmeadow, and many other cities of the State of Massachusetts, favoring the consideration of the proposal providing for a referendum before participation by the United States in wars overseas; to the Committee on the Judiciary.

6342. By Mr. KEOGH: Petition of the Employees' Committee to Maintain Brooklyn's Cane Sugar Refining Industry, concerning the Sugar Act of 1934 and 1937; to the Committee on Foreign Affairs.

6343. Also, petition of the Dairymen's League Cooperative Association, New York City, requesting that the Forest Service remain in the Department of Agriculture and not be transferred to the Department of the Interior; to the Committee on Agriculture.

6344. Also, petition of the College of the City of New York, office of the acting president, concerning the National Youth Administration; to the Committee on Appropriations.

6345. By Mr. SCHIFFLER: Petition of S. J. Hyman, president, West Virginia Managers Association, Huntington, W. Va., opposing the Neely "block booking" bill; to the Committee on Interstate and Foreign Commerce.

6346. By the SPEAKER: Petition of the Women's State Republican Club of New Jersey, Inc., Trenton, N. J., petitioning consideration of their resolution with reference to the Wagner health bill; to the Committee on Interstate and Foreign Commerce.

6347. Also, petition of the Michigan Federation of Post Office Clerks, Detroit, Mich., petitioning consideration of their resolution with reference to House bill 3649, to establish a system of longevity pay for postal employees; to the Committee on the Post Office and Post Roads.

6348. By Mr. SHAFER of Michigan: Petition of S. R. Bevier, of Jackson, Mich., and 800 other citizens in various parts of Michigan, Florida, and New York, asking for enactment of House bill 5237; to the Committee on the Civil Service.

6349. By Mr. WOODRUFF of Michigan: Petition of John Marquardt, of Bay City, and L. R. Shear, of Farwell, Mich., favoring the enactment of House bill 1, known as the chain-store tax bill; to the Committee on Ways and Means.

#### SENATE

FRIDAY, FEBRUARY 2, 1940

The Chaplain, Rev. Zebarny T. Phillips, D. D., offered the following prayer:

Dear Lord and Father of us all, who hast placed within our hands the strands of life, whose issues are eternal: As we bow in prayer before Thee, let Thy calm possess our souls, and may our hearts reflect Thy love as the sleeping sea reflects the sky. May truth be disentangled in our mind, and light shine through its untroubled depth as our restless thoughts give up their fruitless quests. Once more we ask for guidance on our way; and, though we cannot understand the meaning of the shattered hopes of men, the enmity of nations, the destruction of peaceful homes by instruments of death, as we stand again before a lonely cross whereon One died, despised and rejected of men, help us to learn anew that disappointment, pain, and death do not defeat Thy purposes and hold no contradiction of Thy love. Grant unto us, therefore, with heart and mind attuned to the fulfillment of Thy will, that today we may not spurn to do the simple kindly thing, lest this should be the day of Thy visitation and